

Foreign  
Broadcast  
Information  
Service



A N N I V E R S A R Y  
1941 - 1991

# ***JPRS Report***

## **Soviet Union**

### ***Economic Affairs***

19980506 168

DTIC QUALITY INSPECTED 2

REPRODUCED BY  
U.S. DEPARTMENT OF COMMERCE  
NATIONAL TECHNICAL INFORMATION SERVICE  
SPRINGFIELD, VA. 22161

**DISTRIBUTION STATEMENT A**

Approved for public release;  
Distribution Unlimited

## N O T I C E

### NEW FBIS REPORT ON SOVIET REPUBLIC AFFAIRS

In May FBIS will begin publication of a new report entitled *FBIS Report/Soviet Union: Republic Affairs*. The report will contain open-source material from the Soviet Union on a wide range of republic political, economic, military and social issues. Material on the Soviet republics that was previously published in the JPRS reports *Soviet Union: Political Affairs* and *Soviet Union: Economic Affairs* will now appear in the new *FBIS Report/Soviet Union: Republic Affairs*. The *Daily Report: Soviet Union* will continue to publish current material on the Soviet republics, but less time-sensitive items that formerly appeared in that publication will now be found in *FBIS Report/Soviet Union: Republic Affairs*.

#### TO SUBSCRIBE:

##### U.S. Government

U.S. Government subscribers to JPRS reports *Soviet Union: Political Affairs*; *Soviet Union: Economic Affairs*; and *Daily Report: Soviet Union* will automatically receive the new *FBIS Report/Soviet Union: Republic Affairs* report.

U.S. Government subscribers who do not currently subscribe to the reports mentioned above may obtain subscriptions to *FBIS Report/Soviet Union: Republic Affairs* at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P O Box 2604, Washington, DC. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, DC, 20301 (Telephone: (202) 373-3771, Autovon: 243-3771).

##### Public Sector

The public may subscribe to *FBIS Report/Soviet Union: Republic Affairs* through the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 (Telephone: (703) 487-4630). Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers.

# Soviet Union

## Economic Affairs

JPRS-UEA-91-024

### CONTENTS

17 MAY 1991

#### NATIONAL ECONOMY

##### ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

|   |   |
|---|---|
| Ozherelyev Advocates Private Property [O. Ozherelyev; POISK No 11, 8-14 Mar 91] .....                     | 1 |
| Independent Economists Give 1995 Prognosis<br>[Ye. Melnikova; LITERATURNAYA GAZETA No 17, 1 May 91] ..... | 4 |

##### INVESTMENT, PRICES, BUDGET, FINANCE

|  |    |
|--|----|
| Economist on Pricing Reform, Impact<br>[V. Shprygin; PRAVITELSTVENNYY VESTNIK No 12, Mar 91] ..... | 6  |
| Tax Rate Changes Clarified [V. Rodyushkin; PRAVITELSTVENNYY VESTNIK No 15, Apr 91] ..              | 9  |
| Role of State Insurance in Market Discussed [V. Shakhov; TRUD, 2 May 91] .....                     | 10 |

#### REGIONAL ECONOMIC ISSUES

##### POLICY, ORGANIZATION

|   |    |
|---|----|
| Turkmen Decree on Retail Price Reform, Social Protection of Populace<br>[TURKMENSKAYA ISKRA, 1 Apr 91] .....          | 12 |
| Tajik Decree on Retail Price Reform, Protection of Populace<br>[KOMMUNIST TADZHIKISTANA, 2 Apr 91] .....              | 20 |
| Ukrainian Resolution on Retail Prices [PRAVDA UKRAINY, 18 Apr 91] .....   | 22 |
| Uzbek Decree Exempting Consumer Items From Five-Percent Tax<br>[PRAVDA VOSTOKA, 29 Mar 91] .....                      | 23 |
| Uzbek Decree Increasing Control Over Basic Necessities [PRAVDA VOSTOKA, 4 Apr 91] .....                               | 23 |
| Belorussian Law on Leasing [SELSKAYA GAZETA, 28 Dec 90] .....   | 24 |
| Belorussian Decree on Implementation of Law on Leasing<br>[SOVETSKAYA BELORUSSIYA, 30 Dec 90] .....                   | 35 |
| Belorussian Decree on Fulfilling Treaty Obligations for Goods Supply<br>[SOVETSKAYA BELORUSSIYA, 28 Mar 91] .....     | 35 |
| Uzbek Law on Business Undertakings .....  | 37 |
| Text of Law [PRAVDA VOSTOKA, 28 Feb 91] .....   | 37 |
| Decree on Law's Implementation [PRAVDA VOSTOKA, 28 Feb 91] .....  | 39 |
| Armenian Council of Ministers First Deputy Chairman on 1990 Economy<br>[G. Bagratyan; GOLOS ARMENII, 11 Apr 91] ..... | 39 |
| Estonia To Create Department of Business Competition<br>[Ya. Tolstikov; SOVETSKAYA ESTONIYA, 2 Apr 91] .....          | 42 |
| Estonian Law on Committee for Monetary Reform [SOVETSKAYA ESTONIYA, 2 Apr 91] .....                                   | 42 |

##### INTERREGIONAL, FOREIGN TRADE

|   |    |
|---|----|
| Republic Economic Ties with Turkey Reported .....   | 43 |
| Cooperation Agreement Signed by Kazakhstan, Turkey<br>[KAZAKHSTANSKAYA PRAVDA, 22 Mar 91] ..... | 43 |
| Moldovan-Turkish Trade Prospects Assessed<br>[N. Osmokesku; MOLODEZH MOLDOVY, 23 Mar 91] .....  | 44 |
| Kyrgyz-Turkish Initiatives Described<br>[N. Nusubaliyev; SLOVO KYRGYZSTANA, 9 Apr 91] .....     | 45 |

##### PRICES, BUDGET, FINANCES

|   |    |
|---|----|
| Ukrainian Legislation on Retail Price Reform .....    | 45 |
| Decree on New Prices [PRAVDA UKRAINY, 2 Apr 91] ..... | 45 |

|   |    |
|---|----|
| Decree on Protection of the Populace [PRAVDA UKRAINY, 2 Apr 91] .....                                       | 49 |
| Decree on Compensatory Payments [PRAVDA UKRAINY, 2 Apr 91] .....  | 54 |
| Tajik Decrees Connected With Price Reform Adopted [A. Karpov; IZVESTIYA, 25 Apr 91] .....                   | 56 |
| RSFSR Resolution Amending Decree on Child Benefit Eligibility Income Limit<br>[PRAVDA, 3 Apr 90] .....      | 56 |
| Belorussian Finance Minister on 1989, 1991 Budgets<br>[S. Yanchuk; SOVETSKAYA BELORUSSIYA, 23 Dec 91] ..... | 56 |

## AGRICULTURE

### AGRO-ECONOMICS, POLICY, ORGANIZATION

|  |    |
|--|----|
| Starodubtsev on Agrarian Reform, Impact on Peasants<br>[V. Starodubtsev; ZEMLYA I LYUDI No 3, 18 Jan 91] ..... | 61 |
|--|----|

### MAJOR CROP PROGRESS, WEATHER REPORTS

|  |    |
|--|----|
| Seed, Chemical Supply Disruptions Retard Ukrainian Farm Work .....                       | 65 |
| Ukrainian Administrator on Seed Situation [B. Demchenko; SILSKI VISTI, 27 Mar 91] .....  | 65 |
| Chemical Plants Lag in Support of Farm Efforts [V. Onenko; SILSKI VISTI, 17 Apr 91] .... | 66 |

### MACHINERY, EQUIPMENT

|  |    |
|--|----|
| Machinery, Equipment Sector Plagued by Waste, Shortages .....                            | 67 |
| Inefficiency in Scrap Recycling [N. Artapukh; SELSKAYA ZHIZN, 13 Dec 90] .....           | 67 |
| Follow-Up Laments Waste [A. Akudinov; SELSKAYA ZHIZN, 9 Feb 91] .....                    | 68 |
| Letters on Repair, Production Difficulties [S. Bartenev; SELSKAYA ZHIZN, 16 Jan 91] .... | 68 |
| Follow-Up: Incentives Would Help [V. Pavlov; SELSKAYA ZHIZN, 27 Apr 91] .....            | 70 |
| Lack of Equipment Threatens Harvest [S. Mukharev; ZEMLYA I LYUDI No 17, 26 Apr 91] ..... | 70 |

## CONSUMER GOODS, DOMESTIC TRADE

### POLICY, ORGANIZATION

|  |    |
|--|----|
| Goskomstat Reports First Quarter Goods, Services Statistics<br>[TORGOVAYA GAZETA, 20 Apr 91] .....       | 72 |
| Model Ukrainian Coupon System Assessed<br>[R. Kogay, V. Smirnova; EKONOMIKA I ZHIZN No 11, Mar 91] ..... | 73 |

### GOODS PRODUCTION, DISTRIBUTION

|   |    |
|---|----|
| Lithuanian Trade Minister Predicts Goods by 1994<br>[A. Sinevicius; LETUVOS RITAS, 15 Feb 91] ..... | 74 |
|---|----|

### PERSONAL INCOME, SAVINGS

|   |    |
|---|----|
| Index of Prices, Tariffs on Paid Services Listed by Republic<br>[V. Golovachev; EKONOMIKA I ZHIZN No 2, Jan 91] ..... | 75 |
| Workers' Standard of Living Reported Down 24 Percent<br>[L. Pronina; ARGUMENTY I FAKTY No 16, Apr 91] .....           | 76 |
| Kyrgyz Minister Isanov On Necessity Of New Prices<br>[N Isanov; SLOVO KYRGYZSTANA, 2 Apr 91] .....                    | 78 |

## ENERGY

### ENERGY COMPLEX ORGANIZATION

|   |    |
|---|----|
| Energy Supply Problems Assessed .....   | 80 |
| Uzbek Supply Decreases [A. Kadyrov; PRAVDA VOSTOKA, 29 Mar 91] .....  | 80 |
| Moscow on Threshold of Crisis [L. Popyrin; MOSKOVSKAYA PRAVDA, 17 Apr 91] .....   | 81 |
| USSR Commercial Bank to Assist Development of Electroenergy Sector<br>[V. Muzhitskikh; NOVAYA STROITELNAYA GAZETA No 4, Jan 91] ..... | 82 |

## ELECTRIC POWER GENERATION

|   |    |
|---|----|
| USSR, Republic Electric-Power Supply Problems Viewed<br>[V. Yurteyev; PRAVITELSTVENNY VESTNIK No 5, Jan 91] | 84 |
|---|----|

## LABOR

|  |    |
|--|----|
| Lack of Policy on Industrial Accidents Deplored<br>[I. Babokin; RABOCHAYA TRIBUNA, 8 May 91]             | 88 |
| RSFSR Worker Solidarity: Local Roundup [V. Pisarchik; TRUD, 27 Apr 91]                                   | 88 |
| USSR-Republic Protocol on Assistance for Unemployed Signed [O. Osipov; TRUD, 6 May 91]                   | 91 |
| Lithuanian Unemployment Statistics, Labor Market Described<br>[E. Tila; LETUVOS RITAS, 1 Mar 91]         | 92 |
| President of Science and Industry Union Discusses Economic Underpinnings<br>[A. Volskiy; TRUD, 8 May 91] | 93 |
| First Stage of Moscow Trade Union Federation Action Assessed<br>[M. Shmakov; TRUD 8 May 91]              | 97 |
| Ukrainian Strike Committee Cochairman Explains Goals<br>[A. Nagornyy; RABOCHAYA GAZETA, 23 Apr 91]       | 98 |
| Members Describe New Armenian Workers' Council<br>[Ye. Ananova; GOLOS ARMENII, 6 Apr 91]                 | 99 |

## MACHINE BUILDING

### PRODUCTION

|   |     |
|---|-----|
| Power Machinebuilding Plant Faces Uncertain Future<br>[Yu. Kozlovskiy; RABOCHAYA TRIBUNA, 6 May 91] | 102 |
|---|-----|

## TRANSPORTATION

### CIVIL AVIATION

|  |     |
|--|-----|
| Aviation Sector Holds Conversion Exhibition [Moscow TV, 19 Apr 91]                             | 104 |
| Former Aviation Minister on Aeroflot Problems, New Airline<br>[Yu. Mamsurov; PRAVDA, 4 May 91] | 104 |

### MARITIME AND RIVER FLEETS

|   |     |
|---|-----|
| Shipping Line Chief on Dream of Leningrad Superport, Obstructions to Industry Development<br>[Y. Geyko; KOMSOMOLSKAYA PRAVDA, 6 May 91] | 106 |
|---|-----|

## ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

### Ozherelyev Advocates Private Property

914A0731A Moscow POISK in Russian No 11, 8-14  
Mar 91 pp 4-5

[Interview with Professor Oleg Ozherelyev, presidential aid for economics, by POISK correspondent Yelizaveta Ponarina: "We Choose and We Are Chosen"]

[Text] The president is changing his team. And you cannot tell immediately who he personally urged to leave and who has left for the opponents' camp of his own accord. But in either case the successors of Shevardnadze, Ryzhkov, Shatalin, and Petrakov are at the center of public attention today. Many of them seem at first glance to have appeared on the political horizon unexpectedly.

Upon learning of his appointment as presidential aid for economics, some people grimaced: he is too young, they said. Others were distressed: "He is the deputy head of the humanitarian department of the CPSU Central Committee!" And still others began to leaf through the summer files of MOSKOVSKIY KOMSOMOLETS, which contained reports on how O. Ozherelyev had developed an alternative variant of the program documents of the Russian Communist Party but the organizing committee did not accept his suggestions.

So, what kind of a person is this man Gorbachev has chosen as his assistant? We decided that the best thing would be for Professor Oleg Ozherelyev himself to give the answers to all these questions to our POISK correspondent.

### Not at the Best Time

At the hour when the offices on Staraya Ploshchad begin to empty out, I asked the really young, smiling person sitting across from me where he was born and how old he is.

[Ozherelyev] I was born in 1941 near Lipetsk into a family of kolkhoz [collective farm] workers, one of seven children. But two of them, a brother and a sister, died in the war. My father survived it with only two injuries, but he died in 1948 in an automobile accident. Our life was like everyone else's at the time. I went to four schools before finishing the tenth grade: there was no school in our village. I worked for a while as a stoker on a steam engine and in the Komsomol [All-Union Leninist Communist Youth League] raykom [rayon committee]. After the Army I immediately entered Leningrad University, I defended my candidate dissertation, and then in 1979 I defended my doctoral dissertation in political economics. During the last three years of the Leningrad period of my life, I was dean of the economics department at LGU [Leningrad State University]. I have been

on the CPSU Central Committee since 1984 as a consultant of the department of science and educational establishments.

[Ponarina] It was not the best time for M. Gorbachev when you agreed to be his assistant. The country's economy was in decline, society was on the verge of a civil war, and in some places it was making the already difficult life of our people even worse. Many hold the president directly responsible for all that. And everyone—whether it be Geydar Aliyev or Boris Yeltsin, who are clearly on different sides of the fence—is making complaints against him. Do you really believe so strongly in the president that at this difficult time you can agree to be his assistant without second thoughts?

[Ozherelyev] No. Not without second thoughts. But not because I have changed my mind about this person or his ideas of perestroika. To become the president's assistant at any time means that from that time on you practically abandon your personal life. He comes into the office at nine in the morning and never leaves before nine at night. So you have to work just as long. Practically without days off. If you go anywhere you have to report in so that you can be found at any moment. I admit that a year or two ago I would not have done it—we have only one life to live. But we are in such a critical situation now. If I consider myself to be a proponent of his ideas, how can I refuse? So I was fully aware of what I was getting into.

[Ponarina] But why were you the one to receive this offer?

[Ozherelyev] I am the wrong one to ask that. I do not know exactly. I can only guess. Since 1984, as soon as I came to the Central Committee as a consultant, I began participating in the preparation of the materials for most of the basic party documents. And although we have the final result here, a kind of collegial work, the "client" knows who contributed each idea.

[Ponarina] Does this mean that your viewpoint always corresponds precisely to the general line?

[Ozherelyev] As long as it is new, a viewpoint, on the contrary, always diverges from the general line. And the apparatus of the CPSU Central Committee is by no means monolithic. As in any other environment, its workers hold various views. For example, today in the documents of the 28th CPSU Congress there are lines about the admissibility of private property under socialism. And when I expressed this idea in PRAVDA about a year and a half ago, certain cabinet workers reacted immediately. The phones started ringing: "Who are you keeping there?" And my immediate supervisor at the time called me in: "Why did you make a statement in the press about such a complicated issue, and without having consulted with someone first?"

[Ponarina] Well—did you manage to convince your superiors that private property would not make our life any worse?

[Ozherelyev] We were on different wave lengths. Each of us stuck to his own opinion. I came away with a heavy heart.

[Ponarina] Judging from everything, you were having a difficult period: the former dean was being kicked around like a student. Did you want to throw down everything at that time and return to science?

[Ozherelyev] I had never left science. As for returning to the university community of free spirits—my feelings were quite contradictory regarding that. But one thing was always clear—I had not come to work in the Central Committee for one person. I came because at that time this was the most influential organ of state control. If I wanted to do something, the result could be achieved most quickly and efficiently through the party structure. Especially in the Central Committee. And I managed to do this to a certain degree. For example, when I was working on the party program statement, in the first variant ideas about the role of private property in the development of the society were abandoned, while in the second we managed to keep them in. That was a victory.

[Ponarina] Was it not too late? This psychological bastion had fallen much earlier in the hearts of the people. So it seems they are right when they say that the party is now impeding the development of the society, holding it back with the orthodox nature of its thinking.

[Ozherelyev] The party, like any other part of our society, includes various kinds of people, including some with conservative views. But nonetheless, extremely strong individuals and accomplished professionals are gathered here. For being the ruling party, it has gathered together the best minds and the strongest characters. The problem is that now many of them have been left out. And these are powerful leaders. For even the majority of the present opponents of the CPSU and also anticommunists have grown up out of the party structures.

[Ponarina] What is the answer? For everyone to return to his previous position?

[Ozherelyev] No, we must reorient ourselves toward parliamentary forms of work. The party has an immense potential which has been used poorly over the past two years. Having been removed from direct control of the state and the economy and no longer being the only party, it must find its place in parliamentary work and its apparatus must serve its faction. Then its ideas will be realized legally and intelligently and effectively. But so far, a considerable number of the party workers are still in confusion and anxiously looking for places to apply their talents. And I assure you that only a few of them are ready to use them to restore the old order.

### **Tell Me, Who Is Your Friend**

[Ponarina] The presidential council no longer exists. Many people think it became superfluous when the president turned sharply to the right.

[Ozherelyev] I do not think it is a matter of direction. In my view, that has not changed. Rather, it has become more definite—centrist. The presidential council performed its function as an organ that makes it possible to maintain a link with the people and the republics while the Council of the Federation and the National Security Council was being formed.

[Ponarina] The presidential council employed people who were deeply sympathetic to you.

[Ozherelyev] Yes, above all Medvedev and Yakovlev.

[Ponarina] But they hold completely different views. It is like the banners of warring armies!

[Ozherelyev] Both of them were people devoted to the cause. Aleksandr Nikolayevich Yakovlev was simply able to define his image more sharply in public opinion. He was more energetic in selecting and placing personnel (to use the old party jargon). In some ways he differed from M. Gorbachev, but not so much that he would enter into a confrontation. He understands that his voice is much more effective here. And Vadim Andreyevich Medvedev, with whom I worked for a long time, is a person who can literally lose himself in the common cause without demanding any special acknowledgement for himself. But he is undoubtedly a profoundly knowledgeable and decent person.

Incidentally, a couple of words about Shatalin, Abalkin, and Petrakov. I have worked with them several times. From the standpoint of our understanding of the problems, there are no great differences in our views. We even published a textbook on political economics of which the editor in chief is V. Medvedev, and the deputies are L. Abalkin and O. Ozherelyev. In the second edition N. Petrakov was also included in the authorial collective. His name was not mentioned in the old textbook but his materials were used. That is, from the standpoint of the concept of the development of our economy there are no major differences among us. The question is how to realize these ideas. Here there are differences.

Of course, leaving M. Gorbachev is a purely personal matter, but I do not think they have really left him completely. I think the president's cooperation with both S. Shatalin and N. Petrakov will continue in one form or another. Because all three of them are in favor of radical reforms.

[Ponarina] Then let us clarify one other thing: How do you feel about the Russian Communist Party?

[Ozherelyev] From the very beginning I was against its creation in this form. I think more thorough political work should have been done. But the way it was, it was hurried, there was no preliminary referendum within the party, and no delegates were elected, especially to the Russian Communist Party Congress. Thus comes the question: Was this a gain or a loss?

[Ponarina] I recall that you prepared the program documents for the Russian Communist Party.

[Ozherelyev] Yes, I was given that assignment. But, although I tried to take advantage of the achievements of the preparation committee, the variant still ended up as an alternative, and, although in personal conversations with members of the organizing committee the work was rated highly, it was still rejected. Quietly, without discussion. But it seems to me that this was predictable, for among the ideologists on the organizing committee of the Russian Communist Party there were quite a few people with whose views on social development I had differed for a long time.

[Ponarina] A long time? In what? With whom?

[Ozherelyev] As far back as the seventies. Even when defending my doctoral dissertation, for nine hours in a row I answered questions and critical remarks from my main opponent Mikhail Vasilyevich Popov. (He worked actively on the organizing committee of the Russian Communist Party). His main argument was that my work was revisionist in nature and broke with Marxism and Leninism. Why? The dissertation said that there could be no socialism without commodity-monetary relations, that it was not just directly social production. Even at that time Soviet political economists had different understandings of the essence of socialism. Now there are many more people who adhere to the second viewpoint.

This, incidentally, does not mean that I agreed with those who think that the Russian Communist Party does not have the right to exist. If we are in favor of pluralism of opinions, we must recognize it not in words but in deeds. Let there be a "left-right" difference of opinions within the party as well.

#### What Is in Store...

[Ponarina] If you share the concept of reform of Shatalin and Petrakov, you will recommend the same measures for the restoration of the economy—privatization, monetary reforms... Right?

[Ozherelyev] We now have a bottleneck with the creation of an economic-legal mechanism which would place all producers in equal conditions. It should not proclaim the priority of any one form of property but prepare the soil for the development of all. The state sector is now being suffocated by state orders and firm prices, and it is being regulated by countless parameters, while the cooperatives are literally groaning under the oppression of bureaucratic structures and all kinds of extortioners.

It is necessary to open up the way for the functioning of economic laws, and soon the person who spends less and produces more and better products will receive quite appreciable advantages. I understood long ago, back when I was serving in the Army in the GDR, that small-scale private property, not to mention all kinds of cooperatives, is not incompatible with socialism. They

are quite capable of competing with the state sector. Especially in rural areas. The advantages of sovkhozes [state farms] over kolkhozes seems questionable to me. And, on the whole, under the conditions of state control, cooperative forms were ineffective. In a word, I see my task namely as contributing to the creation of a socially-oriented economic mechanism that is adequate to market relations.

For one cannot begin privatization without reform of price setting or without antimonopoly laws. If we were to begin, we would immediately fall into another unpardonable dictatorship. And a dictatorship of the collectives, I assure you, would be in no way better than the dictatorship of the party, of the soviets, or of one individual. With our monopolized economy a dictatorship of colossal enterprises would bring the entire society to its knees through prices and poor-quality goods.

[Ponarina] We have touched a sore spot—finances. How do you regard the exchange of bills and the growth of prices?

[Ozherelyev] The monetary reform was necessary. We must immediately make the ruble convertible. As for the exchange of bills, I do not think it had a very great effect. It did not affect the mafia at all and it had an insignificant influence on the consumer market.

[Ponarina] I still wish to clarify: Are you in favor of the confiscation?

[Ozherelyev] In the fight against the shadow economy—yes. But still the main direction is different: to create as quickly as possible the preconditions for changing over to so-called equilibrium prices, and, through them, to a normal market economy. I repeat, through antimonopoly laws and the establishment of multiple forms of ownership and free prices.

The reform must proceed in many directions at the same time, including cutting off channels for gaining unearned income and making income strictly dependent on the sale of produced goods. It is necessary to get away from agricultural subsidies and provide support strictly through prices. There is a large reserve in the military economy. A certain part of its immense capacities and resources must be reoriented for the needs of the national economy. It is important to do this quickly and intelligently.

And the main thing is to put an end to the degenerative influence of charity. It merely disorients us. We must actually get away from leveling and redistributive tendencies; they are constantly making their way into the approaches of every "free-marketeer," even the most zealous—Gavriil Popov. Instead of creating new values, we decide first to "correctly" redistribute the old ones. If these tendencies continue, we will not have to worry about perestroika succeeding, and we will end up in exactly the same place where we arrived after 70 years—mass dissatisfaction.

[Ponarina] And a personal question: Are you inclined toward a dictatorial manner in relations with subordinates?

[Ozherelyev] It would be better to ask them about that, but I think not. At least with my closest "subordinate"—my son—I have excellent relations. We have by no means opposite political views, but still he voted "for" Yeltsin and I voted "against."

[Ponarina] Do you have a son that old? Do you have only one?

[Ozherelyev] Yes, he is grown up—he is a student, following in his parents' footsteps. My wife is also an economist and a VUZ [higher educational institution] teacher. So my son is a student—an excellent one, by the way—in the economics department at the university. I have almost no free time, but if I do find time to rest I try to use it to read artistic literature or play chess with my son, and I love the Russian baths. When I get a chance, I go to the theater. I prefer the Theater imeni Mayakovskiy. Its performances are not politicized, as is the fashion now; they are aimed at awakening the eternal feelings of the beautiful and the good in a person. Do you remember the passage from Pushkin: "And I shall long be of use to the people for the good feelings my lyre has awakened"? It seems to me that our art should be directed toward things like this today, for we have such a shortage of goodness and tolerance in our society today.

[Ponarina] We hope you do not intend to be orthodox in matters of state.

[Ozherelyev] At least when preparing decisions my plans include consulting with scientific collectives and practical workers and listening to proponents of opposing opinions, and only after that will I present them to the president.

[Ponarina] All that is left is for these good intentions to become reality, help restore our former faith in the president, and really work for perestroika.

### **Independent Economists Give 1995 Prognosis**

914A0707A Moscow *LITERATURNAYA GAZETA*  
in Russian No 17, 1 May 91 p 5

[Article by Doctor of Economic Sciences Ye. Melnikova, chairman of the Intellect and Survival Movement All-Union Charitable Scientific-Organizational Fund Council: "Where Our Armored Train Is Crawling"]

[Text] At the end of 1990 the All-Union Charitable Scientific-Organizational Fund of the Intellect and Survival Movement undertook an alternative study of a forecast of the country's development. The team of experts included specialists of institutes of the USSR Academy of Sciences, the State Committee for Science and Technology, and ministries and departments.

### **With What Have We Arrived at 1991?**

Specialists believe that the quality of life over a five-year period has declined 10 percent, labor activity, 30 percent, and satisfaction with the living standard, 35 percent (this figure is determined by the ratio of indicators of the degree of development of society and the minimum living standard). The mortality factor has increased compared with that of the birthrate. The price index has risen 42 percent.

The past six years have shown how difficult it is to change the path along which "our locomotive," more reminiscent of an armored train, was flying. In 1970, the civilian sector of the economy constituted approximately 75 percent of the country's total capacity expressed in kilowatts. But by the end of the 1980's, only 44 percent: so much had the military squeezed us.

The time taken for realization of S&T ideas—six to nine years—remains the same. Use has not in fact been made of discoveries made in other countries, and the quality of the domestic invention product has fallen: of the 84,000 inventions registered in the USSR in a year, only 2.2 percent afford an opportunity to obtain a fundamentally new product. The world license market is put at \$25 billion, and, of these, \$12 billion are realized by the United States. In the USSR, proceeds from the sale of licenses are approximately R230 million, but, of these, only one-tenth in freely convertible currency.

The gross social product of the USSR in the aggregate world product has diminished, and the lag in the energy capacity of national revenue is growing. We remain in last place among the leading powers in imports and exports. The quality of the natural environment has declined 25 percent compared with 1970.

What has brought our country to such deplorable results? The causes are common knowledge: the destructive arms race, isolation of the economy from the international community, the state-monopoly management mechanism.

Our development bears the imprint also of the traditional disregard by the leadership of all levels for the means and methods of an objective analysis and forecast and the evaluations of alternative versions. Most important changes in the economy are recorded belatedly and the decisions that are adopted are distinguished by one-sidedness and imbalance.

Complacency as a consequence of the economic infantilism and every conceivable campaign with general slogans and appeals led to the commencement of perestroika, which immediately caused an avalanche-like decline in management efficiency, being approximately a decade late.

Whereas prior to 1985 we could speak of a crisis of expanded reproduction, by the fall of 1990 it was a question of a crisis of simple reproduction with an immediate prospect of economic collapse.

### **What Awaits Us in 1995, if the Current Trends Continue?**

By 1995, the situation will have deteriorated sharply. The country's population will have declined by 1 million persons, and average life expectancy will be 65. The living standard will have dropped from 0.85 to 0.7, and satisfaction with this level, from 0.2 to 0.05. Labor activity and productivity will have declined almost two-fold. Indicators of S&T progress will have declined. There will have been a sharp deterioration in the environmental situation.

It is not difficult to see that there is a close connection between the characteristics of the start of 1991 and the reasons for perestroika in 1985. The unsolved nature of the problems which engendered perestroika are leading to a crisis—a breakdown in all spheres of the country's social life. There is no fatal inevitability here, the problem of choice remains. But the longer we delay, the fewer the opportunities for choice at our disposal. In any event, the country's economy must consecutively negotiate four stages—survival, stabilization, growth, and emergence in the sphere of stable development. This is the reverse procedure of the entry into the crisis state. So we need first and foremost in 1991-1992 to survive.

### **Two Attempts: The "500 Days" Program and the "Government" Program**

Both programs were drawn up on the assumption that all measures would be implemented within the stipulated timeframe and that the surrounding political, economic, and social environment would remain stable and friendly. As you know, this is not the case.

The accelerated privatization of state property, the cancellation of subsidies and grants, the abandonment of state price control and the rapid dismantling of the system of administrative management were anticipated in accordance with the "500 days" program.

The forecast for 1995, given realization of the "500 days," showed an improvement in social and economic indicators—a rise in the living standard and quality of life, production of consumer goods and services, and a reduction in the budget deficit. There would have been an improvement in the S&T development situation—the level of involvement in the world economy would have risen.

The forecast evaluations per the "government program" are considerably lower than those per the "500 days" program. This program produces negligible improvements compared with the current trends.

It should be mentioned specially that neither program would lead to a reduction in the strain on the environment. The level of unemployment would be quite high in either case—approximately 12-15 million.

A year ago even the "500 days" program could have been called stabilizing. But the time that has been let slip has played its part. Under the conditions of the start of the

crisis and the breakdown of the economy and the catastrophic deterioration in the situation in the country in all spheres of public and state life these measures are now inadequate for the survival of the population and a strengthening of the country's production capacity and ecosystems.

### **What Is To Be Done?**

The forecasts which were developed made it possible to outline recommendations. Here are some of them.

It is essential first and foremost to shore up the monetary system. To gradually equalize the status of cash and noncash money.

To change investment policy. To sharply reduce the number of construction projects not furnished with manpower and raw material.

To demilitarize the economy and create on the basis of military industries modern works, with new technology, for consumer goods.

To reduce plow land by a minimum of 15 percent. To reduce by a factor of one and a half to two the amount of irrigation areas, which are threatened with over-exploitation.

These recommendations pursue tactical goals. The authors of the draft propose the elaboration of a "Survival and Stable Development" strategic program.

Disregard for the tactics and strategy of survival could lead to the actual disappearance of the possibility of realizing any program whatever.

### **Either or....**

Scientists are proposing different versions of a stabilization of the economy. They are being studied in the sphere of management, and principles of action are being supplemented and amplified, but are not, unfortunately, being employed. The disease is progressing. It is known how to cure it and how it might end, but.... Nothing is being done. On the contrary, the pressure on free practical and enterprising people is increasing and meeting with certain public support in the appeals for order to be brought to bear—for the strength and cohesion of the community of the communal apartment to be demonstrated yet again.

The historical experience of the development of the USSR shows as clearly as could be that detachment from world development and its own path toward a utopian paradise of the poor, the inactive, and the limited are fraught not only with domestic crises but also represent a threat, environmental particularly, to large regions of the planet. Where intellect and responsibility are absent they are replaced by the superintensive exploitation of natural resources and human labor multiplied by non-professionalism in the system of management.

Questions of S&T progress have receded into the background against the backdrop of the adversities of recent years. The world's leading countries have in the past 30 years been distinguished by the intensive use and reproduction of intellectual resources. They not only are not being depleted but have the capacity for sharply increasing the efficiency of all other resources—labor, material, energy, and others. Society's capacity for utilizing knowledge and new techniques and methods of management is the basic factor of survival, development, and prosperity.

A search for alternatives is essential. We must ensure the viability of our society on the basis of a far wider spectrum of possible alternatives.

The country is in a situation where changing something without affecting specific people's interests is impossible. It has taken five years for the process to reach down from the pinnacle of power to each individual. According to forecast estimates, it will take a further two or three years for the logical completion of this process. In this time there will either be a real change toward democracy, a normal economy and the market. Or....

## INVESTMENT, PRICES, BUDGET, FINANCE

### Economist on Pricing Reform, Impact

914A0680A Moscow PRAVITELSTVENNYY VESTNIK  
in Russian No 12, Mar 91 pp 4,5

[Interview with Vladimir Ivanovich Shprygin, First Deputy Director of NIItSEN [Scientific-Research Institute for Prices] and doctor of economic sciences, by Yu. Rytov: "Price Reform: Hopes, Worries, and Doubts"]

[Text]

[Rytov] Vladimir Ivanovich, price-setting reform, naturally, is not an aim in itself. We are all hoping that it will help to lead economic processes into a normal direction and provide stable stimuli for effective work in all branches of the economy. However, in practice, many measures that have been executed reduce down just to the elimination of production unprofitability by raising prices. Such an approach arouses serious doubts on the part of many economists. For it will not succeed in eliminating the true causes of unprofitability—low efficiency in production and its "cost-is-no-object" nature. After a certain time doesn't a need for price increases arise all over again? And doesn't it happen that our economy not only will not receive additional impetus for its development but, on the contrary, will be thrown back?

[Shprygin] In order to answer this question, one must get to the heart of the factors that have brought the country into deep economic crisis. In my opinion, one of the main causes is the fact that we have not been successful in eliminating the most fundamental disproportions in

the national economy. In fact, we still have not undertaken their correction. Yes, recently the main attention has been paid to a search for and the elimination of deficiencies in the system of exchange and distribution. Meanwhile, the main sources of our troubles lie not here but in the spheres of production proper.

As a result, we are converting to a market economy while previously existing distortions in the production sphere, which are continually re-creating and exacerbating disproportions in the national economy and intensifying its lack of balance, are being retained.

Of course in recent years definite efforts have been made to correct disproportions between groups A and B. As a result, the pace of development of consumer-goods production has accelerated somewhat. However, one cannot help but note that in those very branches the disproportions of both group A and group B not only have persisted but even continued to worsen! In industry alone, because of structural imbalance and lack of development of resource-saving technologies, annual losses of material resources have ranged from 7 to 10 billion rubles. In their turn, even the cost criteria, which were based upon distorted measures of expenditures for live labor, have created false reference points for the development of production, which makes the disproportions even worse.

[Rytov] Disproportions in production structures inevitably give rise also to similar disproportions in the work force's balance?

[Shprygin] That is completely true. It is because an enormous mass of money which has no commodity cover but stimulates speculative demand is coming into both the industrial and the consumers' markets. According to our evaluations, the annual entry of surplus monetary sums into the consumer-goods market from industry alone, in the form of wages, varies within the R5-R8 billion range.

Approximately that same sum of surplus money turns over within industry, provoking inflationary processes not only in consumer markets but also in industrial markets. Therefore, attempts to create a healthy economic position for the country by making radical structural transformations in the national economy can give only a temporary benefit, yet not solve the problem as a whole.

[Rytov] This is not the first year we have been speaking about radical structural restructuring of material production. However, we cannot in any way convert to the cause.

[Shprygin] Because price reform has been dragged out intolerably. It would seem that it is clear to everyone: an economic mechanism that is capable of selectively putting pressure to bear on production structures must be created. A necessary component of such a mechanism is

an appropriate system of prices which promotes efficiency of structural transformations in the material production sphere.

[Rytov] Price-setting reform was being prepared for back in the 1970's. But only now have we finally taken the first steps in this area: procurement and wholesale prices have been examined.

[Shprygin] I would like to explain why price-setting reform started with change of procurement prices and wholesale prices. One of the specific tasks of the reform is to create motivation for enterprises and branches of the economy to accelerate development of the most progressive production practices and resource-saving technologies, and motivation for saving resources. The basis required for this is normal economic-accountability activity. In all branches of material production, without exception—in industry, construction, and agriculture. In order to solve or come close to the solution of such a task, the level and ratio of the prices for both the resources themselves and for the output manufactured from them must be changed.

[Rytov] More substantial changes have occurred in the system of wholesale prices for fuel-and-power resources?

[Shprygin] It was completely justified. In order to eliminate the unprofitability of the extracting branches, prices for coal had to be raised 80 percent and coking coal by 89 percent, the price of gas had to be doubled, and mazut had to rise by 120 percent. Prices for crude increased 130 percent. Correspondingly, the price ratios between these products were changed because the previously existing prices did not reflect their true consumption cost. Judge for yourself. Before the reform of prices, the ratios of prices among coal, gas and mazut were 1.0:1.2:1.4. And their ratios by calorie content were 1.0:2.1:2.5. After the change of whole prices, they were 1.0:1.5:1.6.

[Rytov] You have partially answered my first question. In introducing new wholesale prices, not simply was the unprofitability of production eliminated but additional stimuli for extracting the resources more efficiently were created.

[Shprygin] The normal economy should function like that! Indeed, prior to introducing new wholesale prices, mazut proved to be cheaper than steam coal over more than 80 percent of the country's territory, and gas was cheaper than coal in 13 republics (and in 15 economic regions out of 23).

[Rytov] Prices for fuel have risen, but have the rates for electricity and heating also increased?

[Shprygin] How could it be otherwise: everything is mutually related in our economy. However, preferential rates were preserved for various electric-power systems. In particular, for agricultural consumers of electricity—for heating the hothouse and greenhouse facilities. Otherwise we would not be able to make many rural

branches of the economy profitable. However, the increase in prices for fuel and power resources had an extremely substantial effect on increasing the cost of all industrial output.

[Rytov] And still, obviously, wholesale prices for final industrial output should have been increased in much lesser proportions than for raw materials. Only then would active stimuli appear for introducing resource-saving technologies and for saving resources.

[Shprygin] Yes, that was exactly the thought. In particular, it was proposed that the ratio of growth of prices by stage of processing—raw materials, intermediate materials, and machines (the final output)—will be of about those same proportions: 1.0:0.5:0.1. If, for example, prices for raw materials (ore, fuel-and-power resources, and so on) were to be raised 100 percent, then the prices for the materials made from these raw materials and of the machines manufactured from these materials could be increased by no more than 50 percent and 10 percent, respectively. It is then that we also would provide for a saving of resources and a reduction in costs. Unfortunately, there has been no success in realizing this principle.

[Rytov] Why is that?

[Shprygin] Well, because prices for material resources, as a rule, are set as common, fixed prices for the country's whole area, based upon average countrywide costs. And for final industrial output, the range of contractual prices is great. Let's say that contract prices are established for all new machinebuilding output. Naturally, where there is a severe shortage for many types of machines, these prices are capable of covering any expenditures for their production.

[Rytov] But indeed, the discrepancies between fixed and contractual prices can reduce to naught the concept itself of saving resources?

[Shprygin] Not only that. Commodity exchange between republics is being complicated extremely. Resource-producing republics that deliver their output to their neighbors at fixed prices start to lose a portion of their income if the other republics send them products at contract prices in exchange for fuel.

This concerns primarily republics that are suppliers of material resources that make up a substantial share of fixed prices and often cover up to 70 percent of all the output of industry. Naturally, this output departs from the republic at fixed prices. And the output that arrives there from other republics represents a substantially higher share of contractual prices.

[Rytov] How does this price setting comport with the sovereignty of republics and their economic independence?

[Shprygin] It would seem that the current stage of the price-setting reform still has not solved all the problems that arise here. Where there is sovereignty, the people's

economies of the republics should be viewed as open systems that constitute integrated economic complexes. Because of this, each republic should, in the interests of its own development, be able to determine its pricing policy independently. The Union system should be based upon a commonality of interests of the republics, presuming a standing agreement on prices and coordination thereof.

[Rytov] Can this concept be explained in specific examples?

[Shprygin] Certainly. At present, accounting prices have been established for Donets coal which exceed about three-fold the ex-mine wholesale prices for customers. The difference between them (a subsidy) is partially covered through republic and partially through Union budgets. In the opposite case, the prices not only for coal but also for metal would have to be raised substantially (by about 15-20 percent), as well as for all machinebuilding output manufactured in the Ukraine.

[Rytov] Thus, definite economic advantages have been created for the Ukraine's industry?

[Shprygin] Yes. And here a natural question arises: If accounting prices are set for Donets coal and its losses are reimbursed to a great extent from the Union budget, then similarly why not apply accounting prices to agricultural output produced in Russia's territory? And cover the difference between the accounting and procurement prices through income payments which are formed in the agriculture of republics that enjoy a more favorable climate?

Otherwise a strange situation arises. When we talk about industry, some republics consider that they can get for themselves a substantial portion of Russia's national income by redistribution through the Union budget (and nowadays also the stabilization fund). When we speak about agriculture, actually there is not one republic that hurries to help Russia, transferring to it a portion of the income it obtained because of better climatic conditions.

[Rytov] In other words, the task is to put the republics in identical economic conditions in developing consumer markets and in establishing prices for commodities.

[Shprygin] This would enable each republic to determine more precisely its opportunities and rational paths for developing its own economy. For example, Russia could stimulate the development of its agriculture through profit obtained from the sale of industrial output. And other republics—the Baltic and Central Asian republics for example—by subsidizing the development of industry through profit obtained from the sale of agricultural output.

[Rytov] We are constantly returning in our conversation to problems of agricultural production....

[Shprygin] It is right here that the greatest complexity in reforming prices arises. Indeed we should achieve price

parity between industry and agriculture. And full compensation for increased expensiveness of industrial output is called for in the new procurement prices.

The total sum of compensation to the countryside is about R61 billion. The new procurement prices include another R46 billion which was paid previously in the form of different kinds of markups. Moreover, special funds for financing agricultural enterprises that live under especially complicated natural and climatic conditions have been formed in the republics. The total amount of the funds is R16.4 billion.

It would seem that the increased expensiveness of industrial output can in no way worsen the financial and economic position of agriculture. But....

[Rytov] We again encounter the discrepancy between fixed and contract prices?

[Shprygin] That is completely true. The lion's share of agricultural output—grain, milk, meat, wool, cotton, flax, tea, and so on—are subject to sale according to firm, fixed procurement prices. At the same time, many types of raw and other materials and machines will come from other sectors of the national economy under contract prices, which have a tendency to increase. And this again makes agriculture unprofitable, since price parity is violated.

The situation is aggravated still more by the fact that in agriculture itself, along with fixed prices, free prices for various types of output are beginning to function. New distortions in value relationships which intensify strains in the consumer market are arising.

[Rytov] Where is the way out?

[Shprygin] In my view the State should also expand decisively the use of contract prices in agriculture, each year concluding contracts with agriculture for the acquisition of output, and should guarantee it reimbursement for all expenses. Including additional expenditures associated with price increases for industrial output. It is also necessary to consider republic peculiarities in the production and consumption of output.

[Rytov] Retail prices are given a special place in the overall pricing reform. For today we have a unique system, under which more than half of the commodities are sold at a loss to the state.

[Shprygin] It is no secret that it is precisely the understated retail prices that are one of the main causes of the state budget deficit and of the expanding issuance of currency. The state budget has had to direct almost R170 billion this year to reimbursement for the difference in prices for foodstuffs alone where prices have been preserved. This would exceed the whole volume of foodstuff sales at existing retail prices.

Because of low retail prices, enterprises have lost stimuli for the production of many types of commodities. And some of them which produce cotton and wool cloth,

footwear, and commodities for cultural, household and household purposes, and the children's assortment, have generally been put on the verge of bankruptcy. Often there are cases where enterprises either stop producing commodities at all or, in expectation of raising prices, accumulate them in warehouses, which will lead to still greater stripping of the market.

[Rytov] Much has been said already about the reform of retail prices. And still, it apparently makes sense to recall for our readers those principal prices that we are pursuing here.

[Shprygin] First, create a price system that is capable of satiating the consumer market with commodities. Second, eliminate distortions in value relationships, thereby influencing the structure of commodity production. Third, eliminate groundless unprofitability of commodities and link up the system of retail prices with wholesale and procurement prices.

In the course of the reform, as is known, it was proposed to raise retail prices centrally on basic commodities that determine the people's standard of living (with corresponding compensation) and thereafter to control their level until the market is fully satiated. In the transition period, when market relationships still have not become complicated, this is perhaps the only measure that will enable at least uncontrolled price rises to be contained.

Prices will not be changed centrally for a portion of the commodities. These include coffee, textiles made of artificial or synthetic fibers and articles made from them, knitwear articles, plastic toys, vodka and vodka-liqueur articles, and so on. Their share in commodity turnover is about 20 percent. For all other types of commodities, it is proposed to undertake the liberalization of prices, introducing free and regulatable prices.

Prices will be regulated by central organs for the Union products mix and by the republics' governments for the republics' products mixes. What does this regulation consist of? In the establishment either of a maximum level of prices, or a maximum standard for profitability. Such commodities include cars, washing machines, ordinary furniture, building materials, notebooks, fancy baked goods, and so on. The share of this output is 20-25 percent of the total commodity turnover for which prices are being changed. And the share of commodities sold at free prices will be 25-30 percent.

[Rytov] But will retail-price reform permit the consumers' market to be stabilized?

[Shprygin] It cannot be done in one stroke. The public's unsatisfied effective demand for certain commodities now exceeds 50 percent. In order to balance the market, prices would have to be raised four-fold to five-fold or even more. And, consequently, making them accessible only to the most narrow circle of highly paid people. Under current conditions, the only realistic path for satiating the market with commodities is a sharp expansion of output thereof.

[Rytov] You have already said that the reform of retail prices exerts an appreciable influence on this process.

[Shprygin] Yes, but even here it has not been possible by far to solve all the problems. Such as, for example, the correct distribution of income that is incorporated in the price, primarily the turnover tax between the producers of the output? Let us take, for example, the output of vodka-liqueur products. Alcohol, as is well known, makes up the basis of it. Right now it is being produced in great quantity in Russia, and then it is exported to other republics. And here the main expenditures for producing vodka, figuratively speaking, consist in diluting the alcohol with water. Thus expenditures in the republics for producing vodka-liqueur output are minimal and so the profit they obtain from selling it is enormous, since the turnover tax, which is incorporated in the price, is realized according to the place of its production and exceeds expenditures severalfold. The situation is also similar to many other types of output. Such a situation can hardly be seen as justified.

[Rytov] Your conclusions do not look very comforting. We still have not succeeded in completing the first stage of the price reform, yet so many "blank spaces" have been observed already!

[Shprygin] It would be naive to suppose that someone will be able to propose right now an ideally adjusted recipe for saving our economy—there simply is none. Indeed we must deal with a multitude of factors that do not respond to analysis and prognostication. We say that the formation of sovereignty of the republics and their economic independence require that we take a new look at many problems and solve them in a new way. And how complicated the process itself of deciding has become! We shall look truth in the eye: there is a consensus that we are achieving economic reform with great difficulty, and mutual concessions and compromises will, more often than not, lead to indecisiveness, incompleteness of development of the planned measures, and impermissible slowness in their realization.

Yes, undoubtedly even price reform will stimulate fundamental revisions in the future. But we must not mark time as we did before. It is necessary to begin with something.

#### Tax Rate Changes Clarified

914A0734A Moscow PRAVITELSTVENNYY VESTNIK  
in Russian No 15, Apr 91 p 2

[USSR Deputy Minister of Finance V. Rodyushkin answers a reader's question: "Taxes: No Reason for Anxiety"]

[Text] "What changes have been made to the taxation system in connection with the price reform? What changes are anticipated in the procedures of collecting taxes from enterprises, organizations, and individuals?"—A. Murashova, Tver

*USSR Deputy Minister of Finance V. Rodyushkin answers this question:*

The purpose of changes to the taxation system that stem from the retail price reform is so that compensatory payments to the population will not be wiped out by the taxes on individual income and on enterprises' profits.

The substance of the changes introduced into the procedures of tax collection are as follows: taking into account that payments of compensation (60 rubles [R] as a minimum) are done by enterprises and therefore are counted by them as production costs, the maximum tax rate of the profits of enterprises, associations, and organizations is reduced from 45 to 35 percent of the taxable profit, with 17 percent going into the Union budget and 18 percent into the republic and local budgets.

According to preliminary calculations (there is no information yet for precise calculations), as a result of this change the tax burden on enterprises, associations, and organizations will be reduced by no less than R40 billion, which will allow them to mostly cover the expense of making compensatory payments to workers and office workers from this source.

Another important measure that is stipulated in the changes to the tax legislation is the increase—from R400 to R480—in the ceiling on the average monthly earnings of the workers engaged in the enterprise's principal activities, which determines taxable profit.

It should be taken into account that R480 is not the ceiling on the average monthly earnings paid in 1991 (as it is sometimes incorrectly interpreted in applying this in practice), but a ceiling on the base amount (for 1990) of expenses on pay for labor accepted as part of the product cost in determining taxable profits for 1991.

There are also going to be some changes in taxing individual income. First of all, it should be kept in mind that compensatory payments to individuals, paid in connection with the change in retail prices, are not taxable. This is quite fair, since otherwise part of the compensation would have to be used to pay the tax, and therefore it would not constitute full compensation.

Another major measure is the increase of the nontaxable minimum earnings from R100 to R160. It is important to emphasize here that from now on it will be a truly nontaxable minimum, since with the earnings between R161 and R1,000 income tax will be calculated only on the amount that exceeds R160, that is, the nontaxable minimum is subtracted—which was not the case before. The ceiling for the salary at which the progressive scale is applied has also been raised (from R700 to R1,000). At the same time, the maximum tax rate has been reduced from 60 to 50 percent.

An important innovation is the fact that now individuals engaged in other (than work at enterprises and organizations) types of activities (one-time jobs; contract work; creation, publishing, and performing works of science,

literature, and art; inventions and discoveries; and individual labor activity) will be taxed by the same scale that is applied to workers and office workers.

And, finally, the procedures for taxing the money given to workers and office workers in a form of financial assistance has been changed. Before, the maximum nontaxable amount of such assistance was R500; now it is R1,000. This is an important measure. After all, it has been recommended to enterprises and organizations to increase, in response to the price rise, the volume of assistance to their employees from the enterprise's funds.

According to calculations, the population will save no less than R10 billion from these changes in taxation procedures, which will represent substantive help in the environment of price formation reform.

### **Role of State Insurance in Market Discussed**

*914A0711A Moscow TRUD in Russian 2 May 91 p 3*

[Interview with V. Shakhov, USSR Ministry of Finance deputy and chairman of the board of USSR State Insurance, by A. Semenov, under the rubric: "Point of View": "Are We Betting on State Insurance?"]

[Text] *The market economy is on the threshold of our existence. How will state and joint stock companies get along on the insurance market? This and other questions are answered by V. Shakhov, USSR deputy minister of finance and chairman of the board of USSR State Insurance.*

[Semenov] Vyacheslav Viktorovich, one way or another, the formation of a market economy will require changes in the work of the state institution of insurance.

[Shakhov] It is simply unthinkable to imagine a market without the active operations of insurance companies. Numerous large and small enterprises will appear, private and cooperative. Therefore, a strong financial lever is needed, with whose help it would be possible to save them from serious difficulties and cataclysms. Judge for yourself, who besides insurance companies can give firm financial guarantees on compensation for damage caused by joint stock companies, especially to small enterprises? And, of course, alternative organizations should operate along with State Insurance organs.

I will emphasize that insurance will become a more capacious concept under the new economic conditions. A broad spectrum of protection for business undertakings will be offered. I speak of this in order that we not be reproached anymore for aspiring to monopoly. In our opinion, there should be normal competition between us and the new formations.

[Semenov] There is frequent talk today that State Insurance has become obsolete, that its local organs should be dissolved, and that new structures should be created instead...

[Shakhov] Let us examine such statements from an economic standpoint. No matter how we would judge it, insurance on behalf of the state is necessary. As an example, let us take life insurance. Almost 85 million persons use this type of service. And the material responsibility to the people amounts to more than 300 billion rubles [R]. So what kind of an elimination of state insurance are we talking about, when payments have been made for 15-20 years ahead. And who other than State Insurance will return these billions to the people?

[Semenov] Apparently, the market will require an increase in the types of services?

[Shakhov] New forms are already being worked out, and some are being introduced or will be introduced in the near future. For example, insuring servicemen has already become compulsory. Work is being conducted jointly with the USSR Ministry of Health on the introduction of state medical insurance. It is interesting in that it will make it possible to resolve the problem of people's health protection in a new way. But the main thing is that there will be a reliable source for the formation of a single fund at the expense of the resources of enterprises and economic organizations. We are introducing a new institution—reinsurance—so that we would flexibly resolve questions of the transfusion of alternate reserve funds in the event of great catastrophes and calamities, as a result of which it will be necessary to render material help to large groups of people, enterprises, and organizations. This direction will make it possible, if it can be expressed this way, to spread the risk over many, many participants in the insurance process.

[Semenov] Vyacheslav Viktorovich, what problem troubles you most of all as the director of state insurance in the country?

[Shakhov] The absence of compulsory civil liability insurance for owners of transport means. Think about it, 65,000 persons died under the wheels of automobiles in 1990. This is a real war on the roads. There were 36,000 road transport accidents in one year. Losses from them are calculated, roughly, at R4 billion. We have letters in the mail from families who, having lost the breadwinner, were left socially unprotected. But so many thousands were crippled! The question arises: Can a mechanism be created for the reliable social protection of citizens who were involved in road accident emergencies? In virtually all countries, except the USSR and Albania, the answer was found a long time ago: there, compulsory civil liability insurance was introduced for automobile owners. And here people cannot understand that this is not "extortion" and a not a new source for replenishing the treasury. Owing to compulsory payments, it will be possible to create a solid and stable fund for compensation for material losses, and there also could be a bonus fund for safe drivers.

[Semenov] Perhaps this question will move from "dead center" with the adoption of the USSR law on insurance?

[Shakhov] It is possible. But there is still no law, although the necessary documents are in the parliament of the country for review. An insurance oversight service is extremely necessary now. A similar control exists in many countries of the world. It issues licenses to companies, and it checks on the presence of monetary resources. We have received complaints from citizens who, trusting small insurance offices, turned out to have been deceived. The companies became bankrupt. But the draft law envisages such cases. Payments can be guaranteed through insurance oversight. And for this, all companies will be obligated to pay dues to an appropriate fund.

## POLICY, ORGANIZATION

### Turkmen Decree on Retail Price Reform, Social Protection of Populace

914A0651A Ashkhabad TURKMENSKAYA ISKRA  
in Russian 1 Apr 91 pp 1-2

["Presidential Decree No. 139 Dated 29 March 1991: Retail Price Reform and Social Protection of the Population"]

[Text] In accordance with the agreement of the Union of Soviet Socialist Republics and the republics on the pursuit of a common concerted policy in the sphere of prices and incomes and the edict of the president of the USSR: "On Retail Price Reform and the Social Protection of the Population," I resolve:

#### I. In the Sphere of Retail Price Reform

1. To undertake a reform of retail prices incorporating their stage-by-stage liberalization, having linked the change in retail prices and tariffs with the preferential implementation of compensatory measures pertaining to the social protection of the population and an increase in wages, grants, pensions, allowances, and other social payments.

2. To establish maximum amounts for the increase in state retail prices for basic consumer goods common for the whole territory of the republic in accordance with Appendix 1.

The ispolkoms [executive committees] of the soviets of people's deputies may establish lower prices for individual commodities produced and consumed on their territory with expenditure being compensated from the local budgets.

3. That the Turkmen SSR Gosplan [State Planning Committee], the ispolkoms of the oblast soviets of people's deputies and the Ashkhabad Gorispolkom [city soviet executive committee] will confirm, in accordance with their competence, new state retail prices. That the Turkmen SSR Gosplan will confirm retail prices for the basic types of bread made from rye and wheat flour.

To introduce the new retail prices as of 2 April 1991.

Not to raise in the republic the current state retail prices of medical prescriptions and medical products, coffee, cloth made of synthetic fiber and products therefrom, footwear, fur, knitwear and hosiery products and toys made from synthetic material, gasoline, kerosene, electric power, gas, coal, furnace fuel and firewood sold to the public.

Considering the republic's specific features and the national singularities of the structure of production and consumption, to preserve unchanged for 1991 the current retail price of flour and macaroni products on sale to the public.

4. For the purpose of limitation of the growth of retail prices to partially preserve for 1991 the subsidies on meat, dairy and fish products, medical prescriptions and certain other socially significant consumer commodities.

To establish as of 2 April 1991 additional allowances in respect to the tax on the sales of socially significant commodities. Not to tax earnings from the sale of meat and meat products, milk and dairy products, bread, flour, sugar, tea, vegetable oil and children's food.

5. To establish that the commodities specified in Appendix 2 to this decree will be sold to the population in 1991 at controlled prices. Prices will be controlled by way of the introduction of maximum levels for them or the amounts of the change in relation to the price lists or in some other procedure determined by the pricing authorities.

That the Turkmen SSR Gosplan will within a three-day period confirm and convey to all interested enterprises and organizations the maximum levels of prices or the amounts of the change for products on the republic list.

6. To confirm the list of consumer goods sold to the populace at contracted (free) retail prices in accordance with Appendix 3.

7. To terminate in connection with the further liberalization of pricing the establishment of surcharges for new consumer commodities with the "C" or "N" indexes.

8. That the Turkmen SSR Gosplan will in conjunction with the Turkmen SSR Ministry of Trade, the Turkmenpotrebsoyuz [Turkmen Union of Consumers Society] and ministries and departments with a trading network introduce simultaneously with the new state retail prices new rebates differentiated by consumer commodity. Establish here identical rebate amounts for retail trade and public catering enterprises.

9. That the Turkmen SSR Gosplan, Turkmen SSR Ministry of Trade and the Turkmenpotrebsoyuz will within a week's time have specified the lists of areas, organizations and enterprises for which increased rebates for the supply of commodities at state retail prices are granted and have presented them to the Turkmen SSR Government.

That, following concordance with the Turkmen SSR Gosplan, the Turkmen SSR Ministry of Trade will revise the amounts of the markups in public catering in connection with the increase in wholesale and retail prices, tariffs, contributions to social insurance and rebates.

10. That, following concordance with the Turkmen SSR Ministry of Motor Transport and Highways and the Turkmen SSR Ministry of Communications, the Turkmen SSR Gosplan will confirm new tariffs for all types of passenger transportation by motor transport and communications services.

11. That the Turkmen SSR Gosplan, the oblispolkoms [oblast executive committees] and the Ashkhabad Gorispolkom will provide for the conveyance of the new retail prices to all interested enterprises and organizations.

That the Turkmen SSR Gosplan, Turkmen SSR Ministry of Finance, Turkmen SSR Ministry of Trade, Turkmenpotreboysuz and ministries and departments with a trading network will, within the limits of their competence, establish the procedure of revaluating commodities for the date of implementation of the new state retail, free and controlled prices. Commodities previously lowered in price are not subject to revaluation here.

That the resources from the revaluation of commodities will be entered in the Union and republic budgets in equal proportions.

12. To establish that nonfood consumer goods in respect to which current retail prices (minus the rebates) are lower than the new wholesale prices will be sold by the manufacturing enterprises to the trading organizations (enterprises) and other consumers at wholesale prices (except for commodities which are on the list of subsidized products), and to the public, at wholesale prices with trade surcharges of up to 20 percent (for areas with the right to obtain preferential rebates, up to 30 percent).

13. That the Turkmen SSR Gosplan, ispolkoms of the soviets of people's deputies and ministries and departments will be guided strictly by the common policy in the sphere of prices, will establish supervision of compliance with the established pricing procedure, will opportunely cancel prices formed in violation of current legislation, and will provide for the inevitability of the application of economic sanctions in respect to enterprises and organizations that violate state price discipline and will adopt measures to institute proceedings against the persons guilty of these violations.

## II. In the Sphere of Social Protection of the Population in Connection With the Change in Retail Prices

14. Upon the implementation of comprehensive measures pertaining to the social protection of the population to proceed from unconditional observance of the constitutional rights of citizens of the Turkmen SSR to labor and just remuneration and their equality before the law and to be guided by the following basic principles:

—the channeling into compensation of all resources from the increase in the cost of basic foodstuffs, types of construction material for mass consumption, furniture, garments and knitwear, footwear, cloth, synthetic detergents, household soap and general amenities and household commodities and also individual commodities sold at controlled and free prices;

—compensation in full for the increase in the cost of commodities of the children's range with the specific channeling of the corresponding resources to families with young children;

—the establishment of amounts of compensatory payments differentiated by sociodemographic group from the budget and other sources with the priority of material support for the socially vulnerable strata, primarily children, trainee youth, invalids, retirees, and young, single-parent, and large families;

—an increase in the wage (remuneration) for working persons with a simultaneous reduction in the taxation of enterprise (kolkhoz [collective farm]) profits and the citizens' income;

—the specific channeling of part of the resources obtained from the increase in prices and tariffs into an additional increase in the wage level of employees of leading professions of the sphere of education, health care and social security, culture and archive establishments;

—an increase in the current and the introduction of new grants for trainee youth;

—an increase in the amounts of all types of pensions, allowances, and other social payments and also a widening of the circle of persons enjoying the material support of the state from the resources of the Social Insurance Fund of the USSR and the USSR Retirement Fund;

—compensation in full for the increase in spending on social services for the population in hospitals, boarding schools, day schools, homes for the elderly and invalids, and preschool and other establishments of the social sphere;

—additional monetary compensation for the needy strata of the population with various types of social, primarily in-kind, assistance rendered by the local authorities;

—cancellation of the zonal differentiation of state retail prices of foodstuffs;

—establishment of the amounts of compensatory payments with regard for the current regional wage coefficients.

To make the first compensatory payments to students and trainees, retirees, children, and other persons receiving social pensions and allowances in anticipatory fashion, prior to the time that the new prices of consumer commodities and services are introduced.

## Procedure and Minimum Guaranteed Amounts of the Increase in the Individuals' Income

### For Working Citizens

15. That state-owned enterprises, organizations, and establishments will revise the current wage rates and

salary scales, having raised them in the procedure and the amounts established by enterprise management following concordance with the trade union committee with regard for the basic principles of compensation set forth in Clause 14 of this decree, but by not less than R60 a month.

Will, if necessary, effect anticipatory compensation in connection with the increase in prices. Make the first payments here in the form of special additions to the wage in accordance with an individual payroll in absolute amounts with the subsequent incorporation of these amounts in the wage rates and salary scales.

To recommend that the collective and cooperative farms and public organizations applying the state wage rates and salary scales increase remuneration for working persons with regard for the principles established by this decree for state-owned enterprises and organizations.

16. Until the adoption of legislative instruments concerning the establishment of the new level of the minimum wage, the implementation of pay reform and the conclusion of wage-rate agreements between the management of the enterprises and the trade unions (or another body authorized by the workforce) for 1992 to consider the current wage rates and salary scales and those increased in accordance with Clause 15 of this decree by R60 state guarantees of the minimum levels of pay for specific professional and skills groups, given observance of the duration of work time and the employee's performance of his labor obligations (labor norms).

17. To establish that, following the increase in wage rates and salary scales in accordance with Clause 15 of this decree, enterprises will independently establish for the workers and employees increased wage rates and salary scales, preserving here the current ratios in the amounts of the rates and scales within personnel categories, and also determine the types and amounts of the surcharges, extra payments, bonuses and other payments of a stimulatory nature, including one-time compensation for length of service, with the enterprises retaining the resources allocated earlier for this purpose.

The specific amounts of the wage rates and salary scales and also of the surcharges, extra payments and bonuses for the corresponding professional and skills groups of employees will be determined at the enterprises by the terms of the collective contracts (wage-rate agreements).

The said rights will be realized from and within the limits of the resources channeled into remuneration in accordance with the laws of the USSR: "Enterprises in the USSR" and "Taxes on Enterprises, Associations, and Organizations" and also the law of the Turkmen SSR: "The Budget of the Turkmen SSR for 1991." The base remuneration fund taken for computation of the consumption fund for 1991 will increase here by the amount of the minimum increase in the wage rates and salary scales stipulated by Clause 15 of this decree.

Budget-financed enterprises, organizations, and establishments will realize the said rights within the limits of the resources allocated for this purpose.

18. To establish that the state guarantees of the minimum levels of pay and the procedure for increasing wage rates and salary scales provided for by this decree will extend to those who are a part of labor relations on hire terms with enterprises, organizations, and establishments of all forms of ownership.

19. Following confirmation by the USSR State Committee for Labor and Social Problems of the new amounts of the wage rates and salary scales for people working in leading professions of the system of education, health care and social security, culture and archive establishments, to raise the wages of the said categories of employees, approximating them to the level of pay of employees of the production sectors.

To pay the people working in these sectors (as also the employees of other sectors) anticipatory compensation in connection with the price increases in the form of special additions to the wage rates and salary scales of the order of R60 a month per a separate payroll.

20. To increase current maximum earnings (R300) for calculation of the coefficients (regional and for work in desert and waterless regions) by R60 a month.

#### For Families With Children

21. For the purpose of maintaining the living standard of families with children to increase the current amounts of social allowances to such families by a factor of 1.6-1.8 on average and also to introduce special compensation for children up to the age of 16 who were not receiving allowances earlier, and for trainees who are not receiving grants, up to the age of 18.

22. To consider it expedient to preserve the current procedure of computation of the amounts of social payments as a percentage of the established amount of the minimum wage. Prior to the confirmation of the new level of the minimum wage, to establish the following state guarantees of the minimum amounts of current allowances to families with children:

a) R340 as the one-time allowance for the birth of each child (with regard to the Turkmen SSR Supreme Soviet decree of 23 August 1990);

b) R130 as the monthly allowance for looking after a child until he reaches the age of 18 months for working mothers with a year's length of service (for women who have not reached the age of 18, regardless of length of service) and also for student mothers taking time off from studies. Upon the birth of two and more children, the allowance will be paid per child as follows:

c) R110 as monthly allowance:

—for children of men on compulsory military service;

- for children in care (guardianship);
- for children of single mothers (widows, widowers) from the ranks of former wards of children's homes (boarding schools);
- for children up to 16 years of age who are HIV-positive or sick with AIDS;

d) R100 as the monthly allowance for care of a child until he has reached the age of 18 months for working mothers who do not have a year's length of service and for nonworking mothers. Upon the birth of two and more children, the allowance is paid per child;

e) R90 as the monthly allowance:

- to single mothers with children between the ages of six and 16 (trainees not in receipt of a grant, up to 18 years of age);
- for children between the ages of six and 18 whose parents avoid maintenance payments or in other cases stipulated by legislation, when the collection of maintenance payments is not possible;

f) R80 as the monthly allowance:

- for children between the ages of 18 months and six years. To double the maximum aggregate income per family member affording the right to the allowance, fixing it at four times the amount of the minimum wage;
- to single mothers with children up to six years of age;
- for children up to six years of age whose parents avoid maintenance payments or in other cases stipulated by legislation, when collection of the maintenance payments is not possible.

23. To establish monthly payments for children not receiving allowances and pensions per the current system of social security in the amount of R40 for children up to 16 years of age (for trainees not in receipt of grants, up to 18 years of age).

To establish a monthly allowance of the order of R50 for nonworking women with children between the ages of 18 months and 14 years and engaged in their upbringing and also for working women on leave without retention of the support for looking after a child from the age of 18 months until he reaches the age of three years.

24. To introduce compensatory payments to families with underage children in connection with the increase in the cost of commodities of the children's range of the following amounts on an annual basis:

- for children up to six years of age—no less than R200;
- for children between the ages of six and 13—no less than R240;
- for children between the ages of 13 and 18—no less than R280.

To pay the said compensation quarterly in equal amounts.

25. To pay the compensation established by Clauses 22, 23, and 24 of this decree per the mother's principal place of work, and if the mother is not working, per the principal place of work of the father or persons acting in loco parentis. In other cases the compensation will be paid in the social security authorities per the place of residence of the parents and child or of the persons acting in loco parentis.

To make the payments established in Clauses 23 and 24 of this decree to families with children whose aggregate income per family member does not exceed four times the amount of the minimum wage.

To make the payment of the allowances and compensation due simultaneously.

To make the payments from the resources of:

a) the Pension Fund:

- of the monthly allowance for looking after a child until it has reached the age of 18 months and the allowance for children between the ages of 18 months and six years;
- of the allowance for children of men on compulsory military service;
- of the allowance for children up to 16 years of age who are HIV-positive or sick with AIDS;

b) the Social Insurance Fund—a one-time allowance upon the birth of each child;

c) from the republic budget:

- of the monthly child allowance to single mothers (widows, widowers) from the ranks of former wards of children's homes (boarding schools); to single mothers with children between the ages of six and 16 (trainees not in receipt of a grant, up to 18 years of age) and with children up to six years of age;
- of the monthly payments for children not receiving allowances and pensions per the current system of social security;
- of the payments to families with underage children in connection with the appreciable increase in the cost of commodities of the children's range;
- to nonworking women with children between the ages of 18 months and 14 years and engaged in their upbringing and also to working women on leave without retention of the support for looking after a child from the age of 18 months until he has reached the age of three years;

d) from local budgets—monthly allowances for children in care (guardianship). The payment to be made by the public education authorities.

The payment of allowances for children whose parents avoid maintenance payments or in other cases stipulated by legislation, when collection of the maintenance payments is not possible, to be made from the resources for the payment of the temporary underage children's allowance.

The additional expenditure of the Pension Fund and Social Insurance Fund in connection with the Turkmen SSR Supreme Soviet's establishment of the higher allowances specified by subclauses "a," "b" and "c" of Clause 22 of this decree will be reimbursed the corresponding funds from the republic budget.

#### To Trainee Youth

26. As compensation for the retail price rises to increase the amount of the grants to students of higher and the trainees of secondary specialized and vocational-technical educational institutions, preserving here the absolute amounts of the additional payments for success in studies paid on top of the grant established in accordance with Ordinance No. 330 of the USSR Council of Ministers, AUCCTU [All-Union Central Council of Trade Unions] and All-Union Komsomol Central Committee of 7 April 1990 (set forth in Ordinance No. 160 of the Turkmen SSR Council of Ministers, Turkmen Trade Unions Council, and the Turkmen LKSM [Leninist Communist Youth League] Central Committee of 17 May 1990).

To establish grants in the higher educational institutions:

- for students making normal progress of the order of R120 a month, including R135 for those with only good and also only good and excellent marks, and for those with only excellent marks, R150 a month;
- for students from the ranks of orphaned children and children left without the care of parents of the order of R160 a month, including R185 for students with only good and also only good and excellent marks, and for those with only excellent marks, R210;
- for students from the ranks of orphaned children and children left without the care of parents who are supported by the state of the order of R100 a month, including R115 for those with only good and also only good and excellent marks, and for those with only excellent marks, R130 a month;
- for students supported wholly by the state of the order of R50 a month, including R65 for students with only good and also only good and excellent marks, and for those with only excellent marks, R80 a month;
- for students from the ranks of ex-servicemen who have become invalids as a consequence of a wound, contusion, maiming, or illness contracted while performing their international duty of the order of R180 a month, including R195 for students with only good and also only good and excellent marks, and for those with only excellent marks, R210 a month;

—for trainees of preparatory departments of the order of R80 a month.

Increments to the grant for students who are undergoing military training in higher educational institutions in accordance with the reserve officer program will be paid on the basis of the amounts of the grants established by Ordinance No. 330 of the USSR Council of Ministers, the AUCCTU, and the All-Union Komsomol Central Committee of 7 April 1990 (set forth in Ordinance No. 160 of the Turkmen SSR Council of Ministers, Turkmen Trade Unions Council and Turkmen LKSM Central Committee of 17 May 1990).

To establish grants in secondary specialized educational institutions:

- for trainees making normal progress of the order of R100 a month, including R110 for trainees with only good and also only good and excellent marks, and for those with only excellent marks, R125 a month;
- for trainees from the ranks of orphaned children and children left without parental care of the order of R160 a month, including R185 for trainees with only good and also only good and excellent marks, and for those with only excellent marks, R210 a month;
- for trainees from the ranks of orphaned children and children left without parental care who are supported by the state of the order of R80 a month, including R90 for trainees with only good and also with only good and excellent marks, and for those with only excellent marks, R105 a month;
- for trainees wholly supported by the state of the order of R40 a month, including R50 for trainees with only good and also with only good and excellent marks, and for those with only excellent marks, R65 a month;
- for trainees from the ranks of ex-servicemen who have become invalids as a consequence of a wound, contusion, maiming or illness contracted during performance of their international duty of the order of R180 a month, including R195 a month for trainees with only good and also only good and excellent marks, and for those with only excellent marks, R210 a month.

To establish grants in vocational-technical educational institutions:

- for trainees making normal progress of all types of vocational-technical educational institutions (other than those training people for work in agricultural production, water-management construction and forestry) with a term of instruction of no more [as published] than 10 months of the order of R80 a month, including R90 for trainees with only good and also only good and excellent marks, and for those with only excellent marks, R100 a month, and for trainees from the ranks of children of deceased servicemen and persons on the same footing as Great Patriotic War invalids groups I and II of the order of R90 a month, including R100 for trainees with only good and also

only good and excellent marks, and for those with only excellent marks, R110 a month;

—for trainees making normal progress of all types of vocational-technical institutions with a term of instruction of not less than 10 months who are provided with uniforms and meals of the order of R40 a month, including R45 for trainees with only good and also only good and excellent marks, and for those with only excellent marks, R50 a month; for married trainees of the order of R50 a month, including R55 for trainees with only good and also only good and excellent marks, and for those with only excellent marks, R60 a month; for trainees from the ranks of the children of deceased servicemen and persons on the same footing as Great Patriotic War invalids groups I and II of the order of R60 a month, including R70 for trainees with only good and also only good and excellent marks, and for those with only excellent marks, R85 a month; for married trainees of the order of R70 a month, including R80 for trainees with only good and also only good and excellent marks, and for those with only excellent marks, R95 a month;

—for trainees from the ranks of orphaned children and children left without parental care who are supported wholly by the state of the order of R80 a month, including R90 for trainees with only good and also only good and excellent marks, and for those with only excellent marks, R105 a month.

To increase the current amounts of the grants to graduate students and those working for the degree of doctor by R60 a month.

#### **To Retirees and Invalids and Members of Their Families Who Have Lost the Breadwinner**

27. In compensation for the price rises to increase for nonworking retirees retirement pensions, pensions for length of service, disability pensions, pensions for loss of the breadwinner and social pensions, and also the additional payments for family members who are unfit for work, dependent nonworking retirees and those not in receipt of compensation on other grounds by R65 a month.

For children who have neither father nor mother to increase the pensions in the event of loss of the breadwinner by R130 a month.

To make compensatory payments in connection with the retail price reform to working retirees in the procedure established for workers and employees.

28. To compensate from the resources of the republic budget expenditure related to the realization of social welfare benefits, including the acquisition of transport facilities established by current legislation for invalids and also the major overhaul of transport facilities for war and labor veterans and other categories of citizens.

That the Turkmen SSR Ministry of Social Security and Turkmen SSR Ministry of Finance will submit to the

Turkmen SSR Government proposals concerning the amounts and procedure of the said compensation and also the procedure of the settlements between the corresponding authorities and organizations connected with this.

29. To recommend that the local soviets of people's deputies, enterprises and organizations of the republic branches of the V.I. Lenin Soviet Children's Fund, the Soviet Charity and Health Fund, the Red Crescent Society, and other public organizations supplement the monetary compensation to the needy strata of the population with various types of social assistance (in-kind included)—the granting of tax abatements, municipal and social services, the allocation of plots of land and garden buildings on favorable terms, the issuance of baskets of food and industrial staples, particularly for children, invalids, retirees and other socially unprotected strata of the population, with partial compensation of the cost or for no charge, payment of the bills for prescriptions and special commodities for invalids and the elderly, free meals, the granting of allowances for the use of urban and suburban mass transit and other types of assistance.

30. That the Turkmen SSR Ministry of Social Security, Turkmen SSR Ministry of Communications, and the Turkmen Republic Bank of the USSR Savings Bank will provide for the timely officialization, issuance and delivery of the compensation to nonworking retirees and also the recipients of other social pensions and allowances.

#### **To the Unemployed**

31. That citizens acknowledged in the statutory procedure to be unemployed will be paid compensation of the order of R50 a month.

The said compensation will be paid supplementary to unemployment benefit or a grant in a period of vocational training, improvement or retraining.

Commissions made up of no fewer than five persons will be created in the local soviet ispolkoms for the organization of the compensatory payments to unemployed citizens prior to the creation of a state unemployment service. Citizens of able-bodied age who for reasons beyond their control are without work and earnings (earned income), who are looking for a job, and who are capable of and prepared to work or undergo vocational training are required to register.

The duration of the payment of compensation is established in accordance with Article 28 of the fundamentals of legislation of the USSR and the republics on employment.

#### **Other Compensatory Measures**

32. That the Turkmen SSR Ministry of Finance will in conjunction with the Turkmen SSR Ministry of Public Education, Turkmen SSR Ministry of Health, and

Turkmen SSR Ministry of Culture and other interested ministries and departments provide for an increase in the monetary rate of expenditure on meals and the acquisition of minor furnishings and uniforms, social amenities and household items and for training purposes in hospitals, clinics, preschool establishments, schools, children's homes and boarding schools, residential homes for the elderly and invalids and other organizations supported by the republic and local budgets in accordance with the new commodity prices and service rates.

33. To increase the wage rates and salary scales of persons detained in corrective-labor institutions in an amount of no less than R60 a month. Monies for the partial compensation of expenditure on the upkeep of these institutions will not be held back from the total amounts of the increase in the wages of the said persons.

34. To establish that in the areas and localities where wage coefficients for living under difficult natural-climatic conditions are applied the grants and allowances which have been newly established and raised in accordance with this decree and also the compensation on top of pensions, allowances and grants will be paid with regard for the coefficients applied for the people working in the nonproduction sectors.

35. That the Turkmen Republic Bank of the USSR Gosbank [State Bank] will provide for the timely emission of money in circulation for the uninterrupted issuance by the commercial banks of wages to the working people and compensatory payments for the social support of the population.

That the commercial banks will monitor the cooperatives' acquisition and expenditure of ready cash specifically in accordance with this decree.

36. That the Turkmen SSR Ministry of Trade, Turkmenpotreboyz, and ministries and departments with trading enterprises will adopt the necessary measures to saturate the retail trade network with consumer goods in the period of implementation of the retail price reform and the compensatory payments connected therewith.

37. To establish that in 1991 the payment for meals by workers and employees in the dining halls at plants and factories, in construction and transport organizations and at other production enterprises should not exceed the cost of the meal by a factor of more than two compared with the 1990 level. The difference in cost should be compensated from enterprise and organization resources.

To establish monthly additional compensation for 1991 totaling R30 for students of higher educational institutions and trainees of secondary specialized educational institutions to cover expenditure connected with the increase in the cost of meals at public catering enterprises.

38. That upon the revaluation of commodities in connection with the implementation of the new state retail, controlled and free prices and the implementation of measures pertaining to compensatory payments to the population ministries, departments and the ispolkoms of local soviets of people's deputies will ensure the strict realization in practice of the principles of the retail price reform and the social protection of the population and opportunely avert possible abuses.

39. That the Turkmen SSR Ministry of Finance will prepare and submit to the Turkmen SSR Government proposals on the amounts and procedure of the formation and expenditure of resources of the Republic Finance Fund for social support of the population.

40. Will remunerate the employees of banks and communications enterprises and the social security authorities directly engaged in the settlements and issuance of compensatory payments in connection with the retail price reform for work over and above the established duration of work time and on holidays in accordance with Articles 40 and 41 of the fundamentals of legislation of the USSR and the Union republics on labor.

41. That the Turkmen SSR Gosplan, Turkmen SSR Ministry of Labor and Personnel Training, Turkmen SSR Ministry of Social Security, and Turkmen SSR Ministry of Finance and the ispolkoms of the local soviets of people's deputies will conduct explanatory work on the procedure of the application of this decree.

42. That the Turkmen SSR State Committee for Statistics and the Turkmen SSR Ministry of Finance will in conjunction with the Turkmen SSR Gosplan, with the enlistment of the Turkmen Republic Bank of the USSR Gosplan [State Planning Committee], devise within a period of two weeks a system of accounting and organizing the acquisition of information on the change in earnings for goods and services in connection with the increase in retail prices, budget revenue, and compensatory payments to the population.

Will require enterprises and organizations, regardless of departmental jurisdiction and forms of ownership, to make available the requisite information over and above the established forms of statistical reporting.

43. That the Turkmen SSR Ministry of Finance will present to the Turkmen SSR Government proposals pertaining to the specification of the income and expenditure of the republic budget for 1991 and revisions and additions to the Turkmen SSR law: "Turkmen SSR Budget for 1991."

44. For the purpose of the timely implementation of measures connected with compensatory payments, in accordance with applications of the Turkmen SSR Ministry of Labor and Personnel Training and Turkmen SSR Ministry of Social Security:

- that the Turkmen SSR Gosplan and Turkmen SSR Gossnab will allocate for a specific purpose the requisite quantity of paper, calculating equipment and typewriters with Turkmen and Russian typefaces;
- that the Turkmen SSR State Committee for the Press will ensure as quickly as possible the publication of the sets of instructions concerning the procedure of the work in support of compensatory payments (in Turkmen and Russian) and on the supply of the forms for the official registration of these payments and will also prepare the necessary quantity of stamps.

To authorize the Turkmen SSR Ministry of Finance to attribute ministry and department expenditure connected with implementation of the said measures to the Turkmen SSR Government's reserve fund.

45. That the Turkmen SSR Gosplan, Turkmen SSR Ministry of Labor and Personnel Training, and Turkmen SSR Ministry of Social Security will in conjunction with the Turkmen SSR Ministry of Justice and Turkmen SSR Ministry of Finance present within a month's time to the Turkmen SSR Government proposals concerning the alignment of the decisions of the republic government with this decree.

46. To note that by Ordinance No. 105 of 19 March 1991: "Retail Price Reform and Social Protection of the Population" the USSR Cabinet:

a) established that for trainee youth in receipt of grants whose new amounts are not determined by this ordinance will be paid compensation as follows: of R60 a month in the higher educational institutions and R55 a month in the secondary specialized educational institutions. Instructed the USSR State Committee for Public Education and the USSR State Committee for Labor and Social Problems in conjunction with the USSR Ministry of Finance to prepare and within a month's time present to the USSR Cabinet proposals concerning the amounts of the grants to the said categories of the youth;

b) increased for servicemen as of 1 May 1991 the amounts of the salary scales as follows:

- for persons of the officer corps, warrant officers and men on extended service by R80, and for the enlisted and command personnel of the internal affairs authorities, by R60 a month;
- for men on compulsory military service, students of Suvorov and Nakhimov military colleges, preinduction youth enrolled in military bands and military school students by R20 a month, and for students of military-training institutions who do not have officer rank, by R60 a month.

Established that for the period from the date of the increase in state retail prices through 1 May 1991 these persons would be paid monetary compensation on the basis of the said amounts.

Compensation will be paid to military construction personnel in the amount of R60 a month;

increased expenditure on the food, kit, medical and other types of material support of servicemen, military construction personnel, enlisted and command personnel, workers and employees and retirees of the USSR Defense Ministry, USSR Ministry of Internal Affairs, the USSR Committee for State Security, the Railway Troops, and the USSR Ministry of Communications and Military-Restoration Directorate in amounts compensating for the increased cost of these types of material support;

c) introduced compensatory payments to nonworking wives of servicemen and the enlisted and command personnel of the internal affairs authorities in remote garrisons and localities, where the possibilities of their finding employment are lacking (the procedure and conditions of the attribution of military units, institutions and internal affairs authorities to the ranks of those deployed in remote garrisons and localities are established by the USSR Defense Ministry, USSR Ministry of Internal Affairs, and USSR Committee for State Security upon concordance with USSR State Committee for Labor and Social Problems and the USSR Ministry of Finance).

Established that the compensation payments to nonworking wives of the said persons will be made in an amount of R60 a month per the husband's place of service;

d) established that:

—the compensatory payments to workers and employees and nonworking and working retirees of the USSR Defense Ministry, USSR Ministry of Internal Affairs, and the USSR Committee for State Security will be made in the procedure and on the terms established for people working in the national economy and retirees;

—the increase in the pay of servicemen and also of the enlisted and command personnel and in the wages of workers and employees and the pensions of nonworking retirees of the USSR Defense Ministry, USSR Ministry of Internal Affairs, USSR Committee for State Security, the Railway Troops, and the USSR Ministry of Communications and Military-Restoration Directorate and the payment of allowances to families with children of these categories will be made in the procedure and the amounts established by the above-mentioned ordinance, with regard for the decisions on these matters adopted by the republic government authorities;

e) proceeding from the fact that the compensatory payments to the population in connection with the price increases must not be taken away by a system of taxation of individuals' income and enterprise profits, instructed the USSR Ministry of Finance and the USSR Ministry of Justice to prepare proposals concerning revisions to the

USSR law: "Income Tax on Citizens of the USSR, Foreign Citizens, and Stateless Persons," the USSR law: "Taxes on Enterprises, Associations, and Organizations" and the USSR Supreme Soviet decree: "Procedure of Implementation of the USSR Law Taxes on Enterprises, Associations, and Organizations," intending an increase in the nontaxable amount of the monthly wage and other income of the citizens to R160 inclusive and a reduction in the extent of the rate of income tax on citizens' income in excess of R160 a month, applying a progressive tax scale on top of the 13 percent on income over R1,000 a month in place of the previously established R700 and a lowering of the rate of the tax on the profits of enterprises and organizations to 35 percent and also a rise in the maximum level of the average monthly wage of employees engaged in the enterprise's basic production activity attributed to prime production costs to R480;

f) noted that the USSR Gosbank and the USSR Savings Bank, following concordance with the USSR Cabinet, will implement measures pertaining to compensation for loss per the situation as of 1 March 1991 to owners of deposits and certificates, and the USSR Ministry of Finance, to owners of treasury bills sold to individuals in connection with the one-time increase in retail prices;

g) established the maximum amounts of the increase in the rates for passenger transportation by railroad transport at 70 percent, by air transport, at 80 percent, and by sea transport, at 140 percent, and for communications services for the public, at 20 percent;

h) instructed the USSR Ministry of Railways, USSR Ministry of Civil Aviation, USSR Ministry of the River Fleet, and the USSR Ministry of Communications to confirm, following concordance with the USSR State Committee for Prices, the new rates for passenger transportation by railroad, air and sea transport and communications services;

i) instructed the USSR Ministry of Railways and the USSR Ministry of the River Fleet to establish new markups on products and merchandise sold in the dining cars and buffet cars and public catering enterprises on ships;

j) instructed the USSR State Committee for Labor and Social Problems to confirm the new amounts of the wage rates and salary scales for people working in leading professions of the system of education, health care and social security, culture and archive establishments, intending an increase therein by a factor of 1.6-1.7 on average (with regard for the measures stipulated by Clause 15 of this decree) compared with those established earlier by decisions of the USSR Government or other bodies at its behest.

[Signed] S. Niyazov, president of the Turkmen Soviet Socialist Republic

### Tajik Decree on Retail Price Reform, Protection of Populace

914A0695A Dushanbe *KOMMUNIST*

*TADZHIKISTANA in Russian* 2 Apr 91 pp 1,2

["Resolution of The Tajik SSR Cabinet of Ministers of March 28, 1991, No. 48, Dushanbe: The Resolution of The USSR Cabinet of Ministers of March 19, 1991, No. 105, 'On Retail Price Reform and Social Protection for the Population'"]

[Text] In accordance with the Agreement of the USSR and republics on conducting a common, coordinated policy in the sphere of prices and the USSR President's decree on issues related to retail price reform, the Tajik SSR Cabinet of Ministers resolves:

1. To take under advisement and as guidance the USSR Cabinet of Ministers' of March 19, 1991, No. 105: "On Retail Price Reform and Social Protection for the Population." (Published in the newspaper *KOMMUNIST TADZHIKISTANA* for March 23 of this year.)

2. To confirm a list of consumer goods and paid services rendered in the Tajik SSR and sold to the public as of April 2, 1991, at fixed, regulated retail prices and contract (free) prices, in accordance with the appendix.

3. To instruct the Tajik SSR State Committee for Economics and Forecasting to confirm the new state retail prices and rates, maximum price levels, or amounts of the changes in them and to forward them to all concerned enterprises and organizations, with the effective date of April 2, 1991. To specify a list of goods new retail prices for which have been set by the USSR State Committee for Prices in excess of the agreed-upon limits with respect to prices currently in effect on the territory of the Tajik SSR, and to publish price lists with retail price increases not to exceed the agreed-upon maximum amounts.

4. To instruct the Tajik SSR Ministry of Trade and the Tajik Consumers' Union to specify, insofar as necessary, lists of rayons for which increased trade discounts are to be provided in the delivery of goods at state retail prices, and to forward them to the Tajik SSR State Committee for Economics and Forecasting for confirmation in the established procedure.

5. To instruct the Tajik SSR Ministry of Trade to confirm, with the concurrence of the Tajik SSR State Committee for Economics and Forecasting, the amounts of price markups in public catering in connection with the increases in wholesale and retail prices and rates, premiums for social insurance, and trade discounts, and to put them into effect as of April 2, 1991.

6. To instruct the Tajik SSR State Committee for Economics and Forecasting to strictly adhere to the common policy in the price sphere, to step up monitoring of compliance with the established price-setting procedure, to promptly rescind prices set in violation of existing legislation, to ensure the inevitability of imposition of

economic sanctions on enterprises and organizations that violate state price discipline, and to take measures to prosecute persons responsible for these violations.

7. To instruct the Tajik SSR State Committee for Labor and Workers' Training and Tajik SSR ministries and departments to conduct a review of rate and salary scales confirmed by decision of the USSR and Tajik SSR governments or by other agencies at their direction.

To implement the increase in rate and salary scales in amounts set by enterprise managements with the concurrence of trade union agencies in the procedure established by the USSR Cabinet of Ministers' resolution of March 19, 1991, No. 105.

8. To authorize enterprises, institutions, and organizations on the territory of the Tajik SSR to increase the existing maximum amount of wages (300 rubles) for the addition of differentials (rayon differentials and differentials for work in upland, desert, and arid rayons) by the amount of the guaranteed income increases for the population in connection with the higher prices being established in the Tajik SSR.

9. To instruct the Tajik Ministry of Finance, in conjunction with the Tajik SSR Ministry of Social Security, to review within 30 days the question of amounts of and procedures for paying compensation, from republic budget funds, for expenses relating to the provision of social and consumer benefits, including benefits with respect to the purchase of means of transportation, that are established by existing legislation and provided to the disabled, as well as compensation for expenses relating to the provision of benefits with respect to the capital maintenance of means of transportation that are provided to war and labor veterans and to other categories of citizens, and also to review the question of procedures for settling related accounts between the relevant agencies (organizations).

10. To recommend that oblast, rayon, and city Soviet executive committees, Tajik SSR ministries and departments, and enterprises, institutions, and organizations use their own funds to supplement, when possible, the cash compensation provided to needy segments of the population with various types of social assistance (including assistance in kind), the provision of tax benefits and benefits in obtaining municipal and social services, the allocation of plots of land and sheds on a preferential basis, the allocation of packages of essential foods and manufactured goods (especially for children, the disabled, pensioners, and other socially vulnerable segments of the population, with partial compensation of the cost or free of charge), the payment of bills for medicines and special items for the disabled and the elderly, free meals, the provision of benefits for the use of city and suburban transport, and other types of assistance.

11. To instruct the Tajik SSR Ministry of Finance, in conjunction with the Tajik SSR Ministry of Education,

the Tajik SSR Ministry of Health, the Tajik SSR Ministry of Culture, and other relevant Tajik SSR ministries and departments, to increase monetary norms for expenditures on food and the purchase of soft goods, uniforms, and cultural, consumer, and household items and for educational purposes in hospitals, polyclinics, children's preschool facilities, schools, children's homes, and nursing homes for the disabled and the elderly and in other organizations under republic jurisdiction.

To ensure the prompt financing of these institutions and organizations in accordance with the increased norms.

12. To instruct Tajik SSR ministries and departments and oblast, rayon, and city Soviet executive committees, when reappraising goods in connection with the introduction of the new state retail, regulated, and free prices and the implementation of measures to make compensatory payments to the population, to ensure strict compliance with the principles governing the reform of retail prices and social protection for the population, and to prevent possible abuses in a timely fashion.

13. To instruct enterprises, institutions, and organizations on the territory of the Tajik SSR, regardless of departmental jurisdiction and forms of property, to provide to the Tajik SSR State Committee for Statistics the necessary information, over and above the established types of statistical reporting, regarding changes in revenues for goods and services in connection with the retail price increases and in budget revenues and compensation payments to the population.

14. To instruct the Tajik SSR Ministry of Finance to provide to the Tajik SSR Cabinet of Ministers proposals for specifying republic budget revenues and expenses in 1991 and for making changes in and amendments to the Tajik SSR Law: "On The Tajik SSR Republic Budget for 1991."

15. To recommend that economic-accountability enterprises, organizations, and institutions, regardless of forms of property, compensate, at their own expense, for the additional expenses of worker cafeterias and buffets in connection with the increased retail prices for foodstuffs. To authorize them, when determining the ratio between consumption fund growth and volumes of the production of goods and services, to exclude funds earmarked for reducing the cost of public catering.

To instruct the Tajik SSR Ministry of Finance and local Soviet executive committees, in conjunction with relevant organizations, to try to find in their own budgets the necessary funds to compensate for the additional expenses of student and school cafeterias and buffets and of children's institutions that are financed by the budget in connection with the price increases for foodstuffs.

[signed] *I. Khayoyev, Vice-President of the Tajik SSR, and S. Makhkambayev, Administrator.*

### Ukrainian Resolution on Retail Prices

914A0695B Kiev PRAVDA UKRAINY in Russian  
18 Apr 91 p 1,2

["Resolution of the Ukraine Communist Party Central Committee Plenum: On the Retail Price Reform"]

[Text] The plenum of the Ukraine Communist Party Central Committee notes that the poorly reasoned price increases, carried out under the guise of price reform, are not in keeping with the policy formulated by the 28th CPSU Congress and the 28th Ukraine Communist Party Congress, under which the main burden of the transition to the market should be borne by the state. The unbalanced character of certain provisions of the reform, shortcomings in its implementation, and especially the fact that the significant price increases are not supported with the promised genuinely tangible compensation and measures to index the population's income, have stirred indignation among the working people and caused tension in society.

People have reacted in an especially negative way to the sharp jump in prices for essential foods and manufactured goods, children's items, and dishes in worker, student, and school cafeterias, and in rates for consumer services and transportation. The public is also alarmed by the fact that almost no additional goods have appeared in the stores. Their discontent is being intensified by arbitrary conduct in price setting and bureaucratic red tape in the payment of compensation.

All these things are aggravating the sociopolitical situation and undermining public confidence in the national and republic leadership and in the Communist Party. Strikes and other forms of protest against the rising cost of living are increasingly assuming a political character and an anticommunist thrust.

The plenum considers it inadmissible that truly fateful decisions are being taken by the national leadership without preliminary concurrence and broad discussion with the people. The republic's communists and public are disturbed by the lack of a clear-cut state policy, intelligible to the people, for emerging from the profound, all-encompassing crisis, and by the passivity and inconsistency of union government bodies and above all the USSR President in the adoption of effective measures that would halt the collapse of the economy and people's declining standard of living.

The plenum supports such urgent measures by the republic government as the repeal of the five percent tax on manufactured goods for children and on food products in the cafeterias and buffets of general-education schools, vocational-technical schools, technicums, and higher educational establishments.

The plenum instructs communists in the Ukraine SSR government to continue the urgent search for ways to soften the blow that the price increases have dealt to the

working people and to reduce the material losses of the population, especially pensioners, the disabled, children, and young people.

To devote top-priority attention to lowering the level of prices for the most essential goods, including prices for individual kinds of meat products and for dishes in worker cafeterias, rates for a number services, local passenger fares, and fares for suburban railway transport.

To consider it extremely vital to accelerate efforts to coordinate amounts of compensation, to bring such compensation into conformity with the subsistence minimum, and to establish an effective mechanism for indexing the population's income.

The plenum instructs communists who serve as officials of the Ukraine SSR Council of Ministers:

- to draw up a list of food products and manufactured consumer goods with fixed prices and to introduce maximum amounts of contract and free prices;
- in conjunction with trade unions, to promptly calculate and make public a so-called consumer basket;
- to accelerate the adoption of decisions to improve labor remuneration;
- to devise economic levers that would ensure the creation of a most-favored status for work collectives and incentives for the production of extremely vital goods;
- in conjunction with scholars, to devise a system to encourage enterprises to produce goods at low prices.

The plenum instructs communists who serve as Ukraine SSR People's Deputies and urges Deputies of other political orientations to accelerate efforts to draft and adopt Ukraine SSR laws that would create the legal basis for positive changes in the national economy.

To instruct communists who serve in law-enforcement agencies and workers' control bodies to take resolute measures to eradicate speculation, trade abuses, and the looting of goods in transit and storage. To make full use of the potential of the newly created Ukraine SSR State Price-Monitoring Inspectorate to dependably protect the public from unwarranted increases in prices and fees.

The plenum instructs communists in the Ukraine SSR Supreme Soviet and the republic government, proceeding from the Declaration on the State Sovereignty of the Ukraine, to devise as soon as possible their own program for leading the republic out of crisis.

The Central Committee plenum obliges the Central Committee Politburo, Secretariat, and commissions, oblast, city, and rayon party committees, primary party organizations, and communists in the Ukraine SSR Supreme Soviet and the republic Council of Ministers to provide comprehensive assistance to local Soviets of People's Deputies and to enterprise and organization officials in resolving questions of providing material and

technical support to production, strengthening production and labor discipline, organization, and order, and improving the psychological climate in collectives. It is essential to proceed from the premise that only increased production—and above all the production of goods—and the saturation of the market with them will make it possible to improve the material situation of the working people and to truly meet the needs of all segments of the population and every family.

To oblige the Central Committee Politburo, with due regard for the discussion at this plenum, to determine the position of the Ukraine Communist Party Central Committee with regard to the situation in the party and the country and to present it at the next plenum of the CPSU Central Committee. To urge its participants to provide a political assessment of those communists who commit deviations from the strategic course formulated by the 28th CPSU Congress and who, through their ill-considered actions in central party bodies and the state government, are undermining the CPSU's prestige.

The plenum urges the republic's working people at this difficult time to show a high degree of conscientiousness and responsibility for the fate of the Ukraine's people and for the future of their children, to maintain restraint, and to prevent any further destabilization of the situation. Only given civil peace and accord is it possible to ensure a solution to the crisis and the resolution of urgent problems of socioeconomic development.

#### **Uzbek Decree Exempting Consumer Items From Five-Percent Tax**

914A0718A Tashkent PRAVDA VOSTOKA in Russian  
29 Mar 91 p 1

[Decree by the Uzbek SSR Cabinet of Ministers: "Thank You!"]

[Text] The Cabinet of Ministers under the Uzbek SSR president adopted the decree: "On Sales Tax Adjustments in the Territory of the Uzbek SSR."

In order to provide social protection for the people during the period of retail price increases the Cabinet of Ministers under the Uzbek SSR president decrees:

Suspend the five-percent sales tax as a partial amendment to Article 18-e of the: "Regulations on Computing and Paying Sales Taxes" approved by Decree No. 47, dated 4 March 1991, by the Cabinet of Ministers under the Uzbek SSR president; the tax will not be paid on sales of the following items:

- bread and other baked goods,
- cereals, including rice,
- pasta products,
- vegetable oil,
- dairy products, including butter,

- meat products,
- eggs,
- sugar,
- synthetic detergents,
- ordinary and laundry soap,
- children's foods,
- cotton fabrics,
- rubber overshoes.

Corresponding ministries and agencies have been requested to ensure full compliance with this decree.

#### **Uzbek Decree Increasing Control Over Basic Necessities**

914A0718B Tashkent PRAVDA VOSTOKA in Russian  
4 Apr 91 p 2

[Decree of the Uzbek SSR Cabinet of Ministers: "On Increased Control Over Rationed Sales of Essential Goods to the People of the Uzbek SSR"]

[Text] The Cabinet of Ministers under the Uzbek SSR president adopted Decree No. 59, dated 6 March 1991, introducing rationing of essential goods, which guaranteed their availability to the people at various locations. At the same time, the continuous worsening of interterritorial economic relations and the ensuing drop in production, as well as the decision of the republic government to raise retail prices on bread, flour, and pasta products—all this calls for a stricter control over the guaranteed supplies of established quantities of basic foods and manufactured goods to the people.

For this purpose the Cabinet of Ministers decrees:

1. Entrust the Uzbek SSR Ministry of Trade to distribute the market funds of flour, cereals, vegetable oil, and sugar to the Council of Ministers of the Republic of Karakalpakstan, to oblast soviet executive committees [oblastpolkoms] and the Tashkent city soviet executive committee [gorispolkom], as it has been agreed with the Uzbek Union of Consumer Societies and with the Uzbek SSR Ministry of Grain Products. The market funds of these commodities are to be estimated by year quarters, each not later than 30 days before the next quarter, and they should be issued every 10 days according to a rigid schedule.
2. Instruct the Uzbek SSR Ministry of Grain Products to take urgent measures to ensure immediate and continuous issuing of the established funds of flour and cereals to the consumers, in strict accordance with the mutually approved 10-day schedules of their supplies to the state trade and consumers' union facilities.
3. Obligate the Uzbek SSR Ministry of Trade, the Uzbek Union of Consumer Societies, together with the Uzbek

Food Industry, Uzbek Fruit, Vegetable, and Wine Industry, Uzbek Fisheries, Uzbek Fishing Industry Sales Association, and the Uzbek SSR Ministry of Agriculture, to set 10-day quotas on supplies of the total assortment of commodities, in accordance with their existing funds.

4. The Uzbek SSR Ministry of Trade and Uzbek Union of Consumer Societies shall take urgent measures to provide to the people guaranteed supplies of the minimum quotas of essential goods, as stated in Decree No. 59, dated 6 March 1991, of the Cabinet of Ministers under the Uzbek SSR president: "On Additional Measures To Stabilize Sales of Essentials Foods and Manufactured Goods to the People of the Uzbek SSR."

5. The Council of Ministers of the Republic of Karakalpakstan, oblispolkoms, and the Tashkent gorispolkom shall distribute the market funds of essential foods within the period of one week after they receive them. The commodities should be supplied to the trading facilities according to the priorities set for providing for the needs of nursery schools, hospitals, boarding schools, orphanages, school cafeterias, and the population, in accordance with the set sales quotas.

6. A republic headquarters to control guaranteed supplies of basic foods and manufactured goods to the population shall be created.

Instruct the republic headquarters (Comrade Ismailov) to:

- dispatch representatives of the Cabinet of Ministers to organize full control over even distribution of goods and over the correct procedure for issuing them from wholesale and storage facilities;
- extend the right to coordinate the work of local bodies to representatives, including, if necessary, problems of redistributing goods among the cities, rayons, and trade networks. In case their instructions remain unfulfilled at the local level, the representatives should inform the head of the republic headquarters Comrade U.K. Ismailov so that he can take immediate measures.

7. The chairmen of the Republic of Karakalpakstan Council of Ministers, oblispolkoms, Tashkent gorispolkom, and of the rayon-city soviet executive committees shall be held personally accountable for maintaining the established order and quotas of essential goods sales, as they are outlined in the decisions of the Cabinet of Ministers.

8. The Uzbek SSR KGB, the Uzbek SSR Ministry of Internal Affairs, and the Uzbek SSR Committee of People's Control shall reinforce control over the implementation of the Cabinet of Ministers decisions directed at the protection of the internal market.

[Signed] *Cabinet of Ministers Chairman I. Karimov*

### **Belorussian Law on Leasing**

914A0639A Minsk SELSKAYA GAZETA in Russian  
28 Dec 90 pp 2-3

["Belorussian SSR Law on Leasing," signed by N. Dementey, Belorussian SSR Supreme Soviet Chairman, Minsk, 12 December 1990]

[Text] The present Law regulates the relations which arise in concluding and executing lease agreements on natural resources and property. The law provides for such a restructuring of public relations which would facilitate the creation of capacities for the effective utilization of land and other natural resources and property in the national economy; the increased interest of the labor collectives and individual citizens in developing production and improving product quality, and the most complete satisfaction of the citizens' social and other needs.

### **Section I. Leasing**

#### **Chapter 1. General Principles**

##### **Article 1. Leasing**

Leasing represents contractual reimbursed immediate possession and use of property necessary for the lessee to perform independent implementation of farming or other activity.

##### **Article 2. Leasing legislation**

The relations on leasing and other legal relations associated with it are regulated by the present Law and other legislative statutes of the Belorussian SSR.

##### **Article 3. Sphere and objects of leasing**

Leasing is permitted in all spheres of the national economy and may be used in relation to property held under all forms and types of ownership.

The following may be given for lease:

- lands and other natural resources;
- enterprises (associations), organizations, structural units of associations, production lines, shops, and other subdivisions of enterprises and organizations;
- individual facilities, buildings, structures, equipment, transport means, farm equipment, stock inventory, instruments and other material goods;
- draft cattle.

Belorussian SSR legislation establishes the types (groups) of enterprises (associations) and organizations, and the types of property for which leasing is prohibited.

##### **Article 4. Lessors**

The right to give property for lease belongs to the owner, including foreign legal and physical persons.

Lessors may also be agencies and organizations authorized by the owner to offer the property for lease.

State enterprises and organizations have the right to lease property complexes, individual facilities, buildings, structures, equipment and other material goods which are under their full economic management or operative control.

In leasing state enterprises (associations), the local Soviets of People's Deputies or agencies designated by the Belorussian SSR Supreme Soviet act as the lessors.

When leasing structural units and independent enterprises which are part of production, scientific-production and other associations subject to the law: "On Enterprises in the Belorussian SSR", the lessors are the associations to which these units belong. The structural subdivisions have the right to create leasing enterprises and to withdraw from the association.

Leasing of enterprises (associations) and other property complexes, as well as other property related to communal ownership, is performed by the appropriate Soviets of People's Deputies and their authorized state agencies.

Lands and other natural resources are leased by the Soviets of People's Deputies, which under Belorussian SSR legislation have been granted the right to manage the natural resources in question.

#### Article 5. Lessees

Lessees may be legal and physical persons, joint enterprises, international associations and organizations with participation of Soviet and foreign legal persons, as well as foreign states and international organizations. The order of participation by foreign legal and physical persons in leasing state property is defined by the Belorussian SSR laws.

#### Article 6. Lessee associations

Leaseholders have the right to voluntarily form associations, unions, consortia, concerns and other associations, to finance their activity and to freely withdraw from them in accordance with their adopted charters. Any collectives or citizens may enter into these associations, regardless of the forms of ownership in effect in their production. For their part, the lessees [leaseholders] have the right to enter into any associations, provided the latter agree to such entry.

### Chapter 2. Lease Agreement

#### Article 7. Lease agreement

The principle document regulating the relations between the lessor and the lessee is the lease agreement.

The lease agreement is concluded on the principles of voluntary agreement and full equal rights of the parties.

Lease agreements on land and other natural resources are subject to registration in the order established by Belorussian SSR legislation.

#### Article 8. Content of lease agreement

The lease agreement specifies:

- the fulfillment of agreement responsibilities;
- the content and cost of the property given for lease and the order of its transfer;
- the amount of lease payment and the duration [term] of the lease;
- the distribution of responsibilities of the parties for full restoration and repair of the leased property;
- the responsibility of the lessor to hand over the property to the lessee in a state corresponding to the conditions of the agreement;
- the responsibility of the lessee to use the property in accordance with the conditions of the agreement, to make the lease payments and return the property to the lessor after expiration of the agreement in the condition specified in the agreement;
- the right of the lessee to buy the leased property.

The lease agreement on land and other natural resources also includes the responsibilities of the lessee to ensure rational application of the natural object in accordance with its intended purpose.

The lease agreement separately lists the value and the facilities of state property relating to the non-productive sphere (housing-communal, social function) which may be transferred to the lessee for use on a non-compensated basis. The agreement specifies the lessee's responsibilities in regard to these facilities (their maintenance and capital repair).

The lease agreement may include the lessor's responsibilities for material-technical supply, facilitation in development of production, introduction of scientific-technical achievements and leading technologies, technical re-tooling of production, social development, provision of information, consultative and other aid, facilitation of cadre training, creation of necessary conditions for the effective utilization of the leased property and its maintenance in appropriate condition.

For nonfulfillment or improper fulfillment of the responsibilities specified in the lease agreement, including also for unilateral alteration or dissolution of the agreement, the guilty party bears responsibility as specified by Belorussian USSR legislation and by the agreement.

#### Article 9. Value of leased property

The value of the property given for lease is determined by a special inventory commission with participation of the lessor and the lessee and based on an appraisal of this

property at the moment it is given for lease with consideration for actual wear. If the lease agreement places responsibility for full restoration of the leased property on the lessee and if the amortization deductions for this property remain at his disposal, then the value of the leased property remains fixed for the entire duration of the lease. In this case, the lessee independently makes the decision to restore leased property. In transferring amortization deductions on the leased property to the lessor, the surplus value of this property declines annually by the sum of the annual amortization deductions. Upon full amortization of the leased property, the lessee assumes ownership, if not otherwise stated in the agreement.

#### **Article 10. Service life of leased property**

The service life of property given for lease is determined by agreement of the parties, but may be no longer than the remaining amortization period corresponding to the effective amortization schedules.

#### **Article 11. Lease payment**

The lease payment is set by the agreement as part of the profit (income) in the form of a percentage computed from the value of the leased property, or as a fixed sum. The percentage rate is set, as a rule, no lower than the bank interest rate. The relations between the parties in regard to amortization deductions from the cost of the leased property are specified in the lease agreement based on distribution of responsibilities of the parties for reproduction of the leased property.

In cases when the reproduction of the leased property is performed fully by the lessee, the amortization deductions are not passed on to the lessor and belong exclusively to the lessee. In this case, the lessee alone makes the decision about restoration of the leased property.

In leasing enterprises (associations), buildings and structures, the breakdown of the lease payment may also include payment for land and other natural resources.

In leasing land and other natural resources, amortization deductions are not performed. The lease payment for land and other natural resources is set by agreement of the parties in the order and within the limits specified by Belorussian SSR legislation.

#### **Article 12. Forms of lease payment**

The lease payment may be set for all the leased property together or separately for each object in natural, monetary or mixed forms.

#### **Article 13. Conditions, terms of payment and recomputation schedules for lease payments**

The conditions, terms of payment and recomputation schedules of the lease payment are determined by the agreement.

#### **Article 14. Change in amounts of lease payment**

The amounts of the lease payment may be changed by agreement of the parties and in the time limits provided by the agreement.

The amounts of the lease payment are subject to unscheduled review upon demand of one of the parties in cases of changes in the centrally established prices and tariffs and in other cases specified by legislative statutes.

The lessee may demand appropriate reduction in the lease payment if, due to circumstances beyond his control, there is a significant deterioration in the property, land, or other natural resources and in the conditions of economic management specified in the agreement.

#### **Article 15. Terms of the lease**

The terms [durations] of the lease are defined by the agreement. In this case, the leasing of land for agricultural use, or other natural resources, enterprises, buildings and structures must bear a long-term character—at least five years or longer. Considering the nature of the property and the purposes of the lease, the agreement may be short-term—up to five years.

#### **Article 16. Consequences of failure to transfer property, land, and other natural resources to the lessee**

If the lessor does not hand over to the lessee the property, land or other natural resources which have been leased, the lessee has the right to demand them from him and to demand compensation for the losses inflicted by the delay in the lease execution, or to reject the lease agreement and to seek damages caused by its nonfulfillment.

#### **Article 17. Responsibility of the property owner regarding obligations of the state agency**

If the state agency which has leased the property of a state enterprise (structural unit, association) has insufficient funds, on the whole the responsibility for this agency's obligations to the lessee must be assumed by the specific owner of the property in question.

#### **Article 18. Subleasing**

With the permission of the lessor, the lessee has the right to sublease the property obtained by agreement, except in cases specified by Belorussian SSR legislative statutes.

### **Chapter 3. Ownership Under Leasing**

#### **Article 19. Lessor's right of ownership of the leased property**

Giving property for lease does not entail transfer of the right of ownership on this property.

#### **Article 20. Lessee's right of ownership of production, income, material and other goods**

The production and income obtained by the lessee as a result of his utilization of the leased property belong to him.

The lessee also owns the material and other goods received and obtained by him according to principles provided by law and not included in the complement of leased property.

**Article 21. Lessee's right of ownership on separable improvements on the leased property**

Separable improvements on the leased property performed by the lessee belong to him, unless otherwise specified in the lease agreement.

**Article 22. Lessee's right of reimbursement for value of fixed improvements on the leased property**

If the lessee, at his own expense and with permission of the lessor, has made improvements which cannot be removed without damage to the leased property (reconstruction of building or structure, replacement of equipment, etc.), he has the right to be reimbursed for the cost of these improvements after termination of the lease agreement, unless otherwise specified in the agreement. The cost of the fixed improvements performed by the lessee without permission of the lessor, except for land and other natural resources, is not subject to reimbursement.

In leasing an enterprise and other singular property complexes, the lessee has the right to be reimbursed for the cost of fixed improvements on the leased property which he has performed at his own expense, regardless of permission granted by the lessor for such improvements, unless otherwise stipulated in the agreement.

**Article 23. Lessor's right of ownership on improvements performed at the expense of amortization deductions from leased property**

Improvements (separable as well as fixed) performed at the expense of amortization deductions from the value of the leased property are the property of the lessor and increase the surplus value of the leased property, with the exception of cases specified in Article 9 of this Law.

**Article 24. Reimbursement of the lessor for damage or loss**

If the condition of the returned property, land and other natural resources at the conclusion of the agreement does not correspond to the conditions specified in the agreement, the lessee will reimburse the lessor for the inflicted loss.

If the property given for lease becomes unworkable prior to the service life specified in the agreement, the lessee must reimburse the lessor for the remaining value of the property, unless otherwise specified in the agreement.

**Article 25. Definition of direction of lessee's economic activity**

In accordance with the lease agreement, the lessee independently determines the direction of his economic activity and manages his manufactured products and

obtained income. The direction of economic activity by the lessee of lands and other natural resources is determined in accordance with their designated purpose.

**Chapter 4. Change, Dissolution, Termination and Extension of the Lease Agreement**

**Article 26. Change in conditions of the lease agreement. Its dissolution, termination and extension**

Change in the conditions of the lease agreement, its dissolution and termination are allowed upon consent of the parties.

Upon demand of one of the parties, the lease agreement may be dissolved by decision of the state board of arbitration or court in cases where the other party has violated the conditions of the agreement.

Reorganization of the lessor organization, as well as change in ownership of the leased property, do not constitute grounds for changing the conditions of the agreement or dissolving it.

Upon expiration of the term of the lease agreement, a lessee who has duly fulfilled his responsibilities assumed under the agreement has a first priority right over all other persons to renew the agreement.

The party desiring to dissolve or change the conditions of an agreement whose term is about to expire must inform the other party 3 months prior to expiration of the term of the agreement, or within a time specified by the agreement. In the absence of an announcement regarding termination or change in the agreement, upon expiration of its term the agreement is considered renewed for a like term and under the same conditions which were initially specified, or upon demand of one of the parties it may be dissolved in the order specified by Section 2 of Article 26.

Upon termination of the agreement with a citizen-lessee, the priority right for concluding a lease agreement is given to members of his family who reside and work with him.

In case of the lessee's death, his rights under the lease agreement pass to one of the family members residing and working with him, if this person agrees to become the lessee.

The lessor does not have the right to refuse such a person in assuming the lease for the period remaining under the effective agreement, with the exception of cases when conclusion of the agreement was determined by the personal qualities of the lessee.

**Article 27. Review of disputes arising over fulfillment of the lease agreement**

Disputes arising over fulfillment of the lease agreement are reviewed by the state board of arbitration or the court, according to their jurisdiction.

**Chapter 5. Protection of the Lessee's Property Rights****Article 28. Protection of the lessee's right to the leased property**

The lessee is provided protection of his right to the leased property equal to protection of the right of ownership.

The lessee may demand return of the leased property from any unlawful ownership, removal of obstacles to its use, and compensation for damages inflicted upon the property by all persons, including the lessor.

Appeals for seeking to exact payment of the lessor's debts on the leased property are not permitted.

The lessee's property may be confiscated from the him only upon decision of the state board of arbitration or the court.

**Article 29. Retention of lease agreement conditions**

The conditions of the lease agreement remain in effect for the entire term of the agreement and in cases when, after expiration of the agreement, legislation establishes regulations undermining the position of the lessee.

**Section II. Leasing of Enterprises (Associations)****Chapter 6. Creation of the Leasing Enterprise and Its Management****Article 30. Formation of a lessee organization**

The labor collective of a state enterprise (association) or structural unit of an association (henceforth—state enterprise) has the right to form an organization of lessees as an independent legal person for the purpose of creating a leasing enterprise on its basis.

The decision to form a lessee organization and its management organs is made by the general meeting (conference) of the labor collective, and must be supported by at least a two-thirds vote of the members present at the meeting (conference) empowered to make this decision.

The organization of lessees, intended for creating a leasing enterprise on its basis, may be formed by a mixed collective which includes workers who are members of the state enterprise labor collective, as well as by a group of citizens who have united into a collective for the purpose of leasing. The creation of such a lessee organization is implemented on the basis of a constituent agreement signed by its participants.

**Article 31. Order of concluding an agreement for lease of a state enterprise**

The lessee organization develops a draft of the lease agreement and forwards it to the state agency empowered to lease the state enterprise. This agency must review the draft agreement within a period of 30 days from the date of its receipt.

Disputes regarding the conclusion of the lease agreement, including those associated with unjustified refusal to offer this enterprise for lease and delays in review of the proposal, are reviewed by the state board of arbitration.

**Article 32. Status of the leasing enterprise**

The lessee organization attains the status of a leasing enterprise after signing the lease agreement, ratification of the charter by a majority (at least two-thirds vote) of the labor collective's general assembly (conference), and acceptance of the enterprise property in the established order.

The leasing enterprise attains the right of a legal person effective on the day of its state registration with the executive committee of the rayon, city, or city rayon Soviet of People's Deputies where the leasing enterprise is located. State registration must be performed no later than 30 days from submission of the application and the necessary documents by the leasing enterprise to the executive committee of the appropriate Soviet of People's Deputies.

State registration may be refused on grounds of violation of the established order of creating the leasing enterprise, as well as for lack of correspondence of the constituent statutes (documents) to the requirements of the present Law. State registration may not be refused on the grounds that creation of the leasing enterprise would be inexpedient.

If the state registration is not performed within the established time period, or if it is refused for reasons which the leasing enterprise considers unsubstantiated, [the enterprise] may appeal to the state board of arbitration or the court with a request to perform the registration.

Upon transfer of a state enterprise (structural unit of an association) for lease to a lessee organization, the said enterprise (structural unit of an association) is liquidated or reorganized in the order established by legislation.

The order of liquidation of a leasing enterprise and utilization of its property is determined by the enterprise charter.

**Article 33. Leasing enterprise's retention of the name, state awards, trademark and trade symbol of the state enterprise**

The leasing enterprise, at its request, may by decision of the appropriate state agencies retain the name, state awards, trademark and trade symbol of the state enterprise which it has leased.

**Article 34. Succession of property rights and responsibilities in leasing of enterprises (associations)**

The leasing enterprise becomes the successor to property rights and responsibilities of the state enterprise which it has leased, including its rights to use land and other

natural resources. The lessor and lessee may assume fully or partially the payment of the enterprise's credit indebtedness.

The lessee fulfills the state enterprise's responsibilities for sale of products (work, services) in the volumes and within the times specified in the enterprise agreements. The lessor transfers to the lessee the material resources or limits (funds) for them, and also takes other necessary measures to ensure the fulfillment of these responsibilities. Nonfulfillment of responsibilities by the lessor absolves the lessee of corresponding responsibilities.

The leasing enterprise retains the right to centralized capital investments and subsidies in volumes established for the leased state enterprise. The property created at the expense of these funds is state property, and must be included in the list of property given for lease.

**Article 35. Rights and responsibilities of the leasing enterprise on participating in socioeconomic development of the territory**

The leasing enterprise assumes the leased state enterprise's rights and responsibilities on participating in the socioeconomic development of the territory on which it is located.

**Article 36. Interrelations of the leasing enterprise with the lessor regarding the application of fuel and raw material reserves and other questions**

The lease agreement defines the interrelations between the lessee and the lessor regarding conditions of use of fuel, raw goods and materials reserves, unfinished and finished products, the distribution of surplus economic incentive funds, the management of the administrative housing fund and its financing, and the distribution of funds obtained from payment of debit indebtedness.

Lessees may not be forced to lease enterprises, facilities and property which they do not need.

**Article 37. Management of the leasing enterprise**

Management of the leasing enterprise is performed in accordance with its charter.

**Article 38. Competition for leasing of enterprises (associations) and their property complexes**

The state enterprise (association) or its subdivisions may be offered for lease on a competitive basis.

The competition is announced by the state agency which has the right to lease the said property.

**Article 39. Participants in the competition**

Labor collectives of state enterprises, their structural subdivisions, mixed collectives which include workers not employed at the given enterprise, groups of citizens united into a collective for the purpose of leasing the said

enterprise, farm societies and associations, public organizations and citizens may participate in the competition.

In order to participate in the competition, the indicated collectives form lessee organizations in the order specified by the present Law.

**Article 40. Priority right to obtain lease on a state enterprise or its subdivision**

The priority right to obtain the lease on a state enterprise or its subdivision is given to its labor collectives.

**Article 41. Leasing of a state enterprise in the case of its reorganization or liquidation**

If a state agency empowered to manage state property decides in favor of reorganization or liquidation of the state enterprise, except for cases when it is deemed insolvent (bankrupt), the labor collective has the right to demand transfer of the enterprise to lease or its transformation to a different enterprise based on collective ownership. Disputes arising in such cases between the state agency and the labor collective are settled in a judicial manner.

**Chapter 7. Economic Activity of the Leasing Enterprise**

**Article 42. Rights of the leasing enterprise to manage leased property**

The leasing enterprise has the right to sell, trade, sublease, or give for temporary free use or loan all material goods which are part of the leased property, provided such transfer of property does not violate the lease agreement. The indicated order of management of leased property is not applicable to land and other natural objects.

The leasing enterprise has the right to independently introduce changes in the content of the leased property and to perform reconstruction, expansion, or technical retooling which increase its value, unless otherwise specified in the agreement.

**Article 43. Utilization of natural resources by the leasing enterprise**

The leasing enterprise must exercise possession and utilization of land and other natural resources in accordance with their intended purpose.

The leasing enterprise bears the established responsibility for violating environmental protection legislation.

**Article 44. Foreign economic activity of the leasing enterprise**

The leasing enterprise implements foreign economic activity in the order established by the effective legislation.

**Article 45. Responsibilities of the leasing enterprise on fulfillment of the state order and orders for sale of production**

The leasing enterprise, in accordance with the lease agreement, must assume fulfillment of the state order and orders for the sale of products (work, services) in accordance with the established economic relations and in a volume not exceeding corresponding orders undertaken for the lease year.

The lessor may assume the responsibility of obtaining from the lessee the products which he produces.

**Article 46. Prices on salable products and obtained raw goods and materials**

The leasing enterprise sells the products (work, services) which it produces and obtains raw materials and material-technical resources at wholesale, purchase, retail and contract prices.

**Article 47. Allocation of funds to the leasing enterprise for expanding production and resolving social problems**

The leasing enterprise may be allocated funds for expanding production and solving social problems at the expense of state centralized capital investments and the lessor's funds, as well as credits and advances on commitments to increase output and improve quality of products (work, services) and develop new types [of products].

The lessor may give lease payment incentives to lessees of state enterprises which operate at a loss or show a low profit margin.

**Article 48. Bookkeeping accounting and statistical reporting by the leasing enterprise**

The leasing enterprise accounts for the results of its activity and performs bookkeeping and statistical reporting in the order established by Belorussian SSR legislation.

**Chapter 8. Leasing Enterprise Finances****Article 49. Financial resources of the leasing enterprise**

The financial resources of the leasing enterprise are formulated by means of:

- income from the sale of products (work, services);
- credits;
- funds obtained from the sale of securities;
- other financial means.

**Article 50. Distribution and application of income (profit) by the leasing enterprise**

The income received by the leasing enterprise is used to pay insurance and other payments specified by Belorussian SSR legislation, and to pay interest on credits. The

lease payment and taxes are paid from the obtained profit. After deduction of the lease payment, the remaining profit is at the full disposal of the leasing enterprise. It independently determines the direction of application of this profit.

**Article 51. Issuance of securities by the leasing enterprise and securing of special purpose loans**

In order to mobilize additional financial resources, the leasing enterprise may issue securities and secure special purpose loans in the order established by effective legislation, and it may also act on the securities market.

The members of the leasing enterprise's labor collective have a priority right to obtain securities.

**Article 52. Issuance of credit by the leasing enterprise**

The leasing enterprise may, at the expense of its own funds, issue credit to other enterprises and organizations on the conditions defined by consent of the parties, including agreement on the interest rates for use of this credit.

**Article 53. Writing off monetary funds from the accounts of the leasing enterprise**

Writing off monetary funds from the accounts of the leasing enterprise may be performed exclusively at its indication or by decision of the state board of arbitration or the court.

Writing off monetary funds from the accounts of the leasing enterprise in an undisputed order is allowed only in cases specified by legislative statutes. If the leasing enterprise disagrees with undisputed writeoff of the monetary funds, it has the right to appeal to the state board of arbitration with a claim for recovery of the sums which have been unjustifiably written off.

**Chapter 9. Labor and Wages****Article 54. Regulating labor relations between members of the leasing enterprise's labor collective**

The labor relations of members of the leasing enterprise's labor collective are regulated by labor legislation with consideration for the specifics defined by the present Law, by the leasing enterprise charter and by collective agreements concluded by the labor collective and the enterprise administration.

Labor disputes between members of the leasing enterprise regarding the application of conditions and labor wages are reviewed by its administrative agencies. The decisions of these agencies may be appealed in court.

**Article 55. Legal rights of the leasing enterprise on determining labor conditions of workers**

The leasing enterprise independently determines the order of hiring and dismissal of workers, the forms and systems of labor wages, the work day schedule and work shifts. It also makes decisions on the introduction of

summarized accounting of work time, and establishes the order of granting days off and vacations.

The leasing enterprise independently determines the length of annual paid vacations. Moreover, their duration may not be less than that established by Belorussian SSR legislation for corresponding categories of workers and employees at state enterprises.

**Article 56. Social protection of worker's interests at leasing enterprises**

The state provides social protection of the interests of workers at leasing enterprises in accordance with the effective legislation.

The lessor and the appropriate local Soviet of People's Deputies guarantee workers dismissed as a result of leasing of the state enterprise their rights as provided by the effective legislation for workers dismissed due to reorganization or liquidation of a state enterprise.

**Article 57. Social development of the leasing enterprise**

The leasing enterprise is concerned with improving the conditions of labor and everyday life and meeting the interests and needs of the workers and their families. It also gives comprehensive aid in cooperative and individual housing construction and issues loans for these purposes. Questions of social development of the leasing enterprise are resolved by a general meeting (conference) of the labor collective. The leasing enterprise performs its social activity in close cooperation with the local Soviets of People's Deputies. It performs the construction of residential houses, children's preschool institutions and other facilities of social function, and participates on a share basis in their establishment. It may also lease or buy such facilities.

**Article 58. Deductions by the leasing enterprise to the state social insurance fund**

The leasing enterprise contributes deductions from its income to the state social insurance fund in the order and amount established by Belorussian SSR legislation.

**Article 59. Social insurance and social provision of persons engaged in labor activity on conditions of individual or group leasing.**

Persons engaged in labor activity on conditions of individual or group leasing are subject to social insurance and social provision on par with workers and employees.

The period of work of lessees during which insurance premiums are paid is included in the length of work service.

**Chapter 10. Property of the Leasing Enterprise**

**Article 60. Property of the leasing enterprise**

The leasing enterprise owns the product which it has produced, the obtained income and other property obtained in accordance with the effective legislation.

**Article 61. Contributions by leasing enterprise labor collective members to development of [leasing enterprise] property**

The property owned by the leasing enterprise on the conditions and in the order specified by its charter determines the amounts of contributions by members of its labor collective to the creation of this property through their personal labor participation, as well as monetary and other property contributions.

**Article 62. Order and conditions of dividend payments to members of the leasing enterprise labor collective**

Securities may be issued for the value of a labor collective member's contribution to the property of a leasing enterprise, in accordance with its charter.

Dividends are paid on the above-mentioned securities held by labor collective members in amounts determined by the labor collective and based on the end results of production and the tasks of enterprise development. The real value of securities is paid to their holders in cases specified by the enterprise charter.

The enterprise charter defines the order and conditions of dividend payments to members of the labor collective who have terminated labor relations with it.

**Chapter 11. Specifics of Creating Certain Leasing Enterprises, Leasing of a State Enterprise by a Cooperative**

**Article 63. Creation of the leasing enterprise on the basis of property of a state enterprise (association) subdivision**

A leasing enterprise may be created on the basis of leasing property of production lines, shops, departments, farms, and other subdivisions of state enterprises (associations) at the decision of their labor collectives and with consent of the agency authorized to offer the enterprise for lease.

The registration of such a leasing enterprise is performed in accordance with Article 32 of the present Law. Moreover, the consent of the state enterprise's superior agencies is not required.

The lease agreement is concluded with the state enterprise (association) which is offering part of its property for lease.

**Article 64. Creation of leasing enterprises on the basis of property belonging to public associations and organizations**

Public associations and organizations, except for social organizations of invalids, have the right to lease their enterprises and their subdivisions on conditions specified by the present Law.

**Article 65. Leasing of state enterprises (associations) or their subdivisions by a cooperative**

If a state enterprise or its subdivisions are leased to a cooperative, the lease relations are established with the state agency authorized to offer the enterprise for lease, or with the appropriate state enterprise. The conditions of the agreement with the cooperative are determined in accordance with the present Law.

**Section III. Leasing of Property by Citizens**

**Chapter 12. Economic Activity Under Individual and Group Leasing**

**Article 66. Lessee rights under individual or group leasing**

Under individual or group leasing, the lessees independently manage the manufactured product, perform work and provide services on prices and tariffs established by agreement with the consumers, or independently. Under individual or group leasing, the lessees may voluntarily assume the fulfillment of the state order and sell the products manufactured for fulfillment of order at wholesale, purchase or contract prices.

**Article 67. Right of the lessee to erect buildings and structures on the leased land plot**

Upon agreement with the lessor, the lessee has the right to erect the necessary buildings of production and non-production function, including housing, on the leased land, provided he adheres to general building regulations.

Buildings and structures erected by the lessee on the leased land plot at the expense of his own and borrowed funds are his property, unless otherwise specified in the lease agreement.

**Article 68. Material-technical provision and services to agricultural leaseholders**

Material-technical provision, transport, repair and other forms of services to agricultural leaseholders are performed on the basis of agreements concluded in the order and under the conditions established for kolkhozes and sovkhozes.

**Article 69. Bank accounts, credits and incentives**

The lessee has the right to open accounts at banking institutions in order to perform monetary operations. He has the right to independently select the bank where he will perform credit-accounting operations.

Lessees may obtain short-term and long-term loans for development of production on conditions coordinated with the bank institutions or the lessors.

Local Soviets of People's Deputies may allocate funds to lessees for initial economic outfitting, development of production, land reclamation, or road and housing construction on a compensated or non-compensated basis, and present other incentives.

**Section IV. Intraorganizational Leasing Order**

**Chapter 13. Application of Intraorganizational Leasing Order**

**Article 70. Intraorganizational leasing order**

The intraorganizational leasing order as a form of organization and payment of labor of individual workers, subdivision collectives, or group of workers (henceforth—leasing collectives) may be used at state, collective, public and other enterprises.

Kolkhozes, sovkhozes, and other state and cooperative agricultural enterprises may secure land for individual workers and leasing collectives under the rights of the intraorganizational leasing order.

The question of application of the intraorganizational leasing order is decided by the management organs and the labor collectives in accordance with their competence.

**Article 71. Statute on intraorganizational leasing order, intraorganizational accounting prices and tariffs, forms of accounting for material and other expenditures**

The enterprise independently ratifies the statute on the intraorganizational leasing order, intraorganizational accounting prices and tariffs on products (work, services), and forms of accounting for material and other expenditures by the leasing collectives. In this case, the leasing collective may be given various types of incentives.

**Article 72. Defining forms and systems of labor wage payments, work day schedules, and other labor conditions by enterprise leasing collectives**

Enterprise leasing collectives independently determine the forms and systems of labor wage payments, work day schedules and work shifts. They also make decisions on introducing summarized accounting for work time and establish the order of granting days off without disrupting the necessary coordination of action of various enterprise subsections.

**Article 73. Adding new workers to the leasing collective's roster**

Adding new workers to the leasing collective's personnel roster is performed in accordance with the leasing collective's charter.

Deletion and exclusion from the leasing collective's personnel roster is performed in accordance with the charter and with adherence to labor legislation.

**Article 74. Concluding labor agreements with citizens who are not members of the leasing collective**

The leasing order agreement may provide for the right of the leasing collective to conclude labor agreements in the

name of the enterprise with citizens who are not members of the leasing collective to perform certain types of work.

The labor wages of such citizens are paid from funds intended for payment of wages to the leasing collective members.

#### **Chapter 14. Organization of the Leasing Collective's Economic Activity**

##### **Article 75. Responsibilities and rights of the leasing collective on production and sale of products**

In accordance with the leasing order agreement, the leasing collective assumes the responsibility for producing and handing over to the enterprise, or at its direction selling to other enterprises or citizens, the products (work, services) specified in the agreement.

The leasing collective has the right to manage as it sees fit the products (work, services) produced in excess of the volume specified in the agreement, unless otherwise stated in the agreement.

##### **Article 76. Powers and authorities of enterprises under the leasing order**

Under the leasing order, the enterprise performs accounting with the budget, the bank and superior organs in the established order and based on the results of the enterprise activity as a whole. It retains the functions of planning the basic nomenclature and volume of production of products (work, services), and also implements a unified technical policy, performs retooling and reconstruction according to general enterprise plans, and develops the social sphere.

##### **Article 77. Formulation of a production program by the leasing collective**

The production program is formulated independently by the leasing collective, with consideration for the responsibilities specified in the leasing order agreement.

##### **Article 78. Participation of the leasing collective in enterprise expenditures and payments**

The leasing order agreement defines the amounts and order of participation by the leasing collective in the enterprise expenditures and payments, including expenditures for the development of production, science and technology, and social needs.

##### **Article 79. Conclusion of economic agreements by subsection leasing collectives in the name of the enterprise**

The enterprise may grant the subsection leasing collective the right to conclude economic agreements in the name of the enterprise. Such a leasing collective has the right to open an account at a banking institution.

##### **Article 80. Granting subsection leasing collectives the right of independent sale of the products which they produce and utilization of obtained income**

Enterprises, sovkhozes, kolkhozes and other agricultural organizations may on a contractual basis grant subsection leasing collectives the right of independent sale of the products (work, services) which they produce and the application of the obtained income for payment of wages, taxes, and budget payments, as well as social insurance contributions. Such leasing collectives may open accounts at banking institutions or financial accounting centers.

##### **Article 81. Lease payments under the leasing order**

Payment for the use of property secured for the leasing collective (lease payment) is defined in the leasing order agreement. In the case of a change in prices and other economic conditions, the amount of the lease payment may be reviewed upon consent of the parties.

##### **Article 82. Cases and conditions for reducing lease payments**

If the insurance of sown crops, livestock and other leased property is supplied by the enterprise and the leasing collective has not obtained the volume of production specified in the agreement due to elemental hardships or other insured cases, the lease payment is reduced proportionately by the sum of insurance compensation received by the enterprise.

With enterprise consent, the leasing collective has the right to conclude agreements in its name for the insurance of sown crops, livestock and other property. In this case, if elemental hardships or other insured cases occur, the amount of the lease payment is not reviewed.

##### **Article 83. Order of regulating the amount of funds directed for consumption**

The order of regulating the amount of funds directed for consumption is determined by the leasing order agreement.

##### **Article 84. Inadmissability of an enterprise confiscating property secured for the leasing collective**

In accordance with the leasing order agreement, confiscation of property secured for the leasing collective by the enterprise is prohibited.

##### **Article 85. Premature change or dissolution of the leasing order agreement**

Premature change or dissolution of the leasing order agreement is allowed only with consent of both the leasing collective and the enterprise.

##### **Article 86. Responsibility of the parties for nonfulfillment or improper fulfillment of their contractual responsibilities**

The responsibility of the parties for nonfulfillment or improper fulfillment of their responsibilities under the agreement is defined in the leasing order agreement.

### **Article 87. Resolution of disputes between the leasing collective and the enterprise**

Disputes between the leasing collective and the enterprise arising in connection with the fulfillment, dissolution and alteration of the leasing order agreement are resolved in the order provided by the effective legislation.

## **Section V. Purchase and Uncompensated Transfer of Property**

### **Chapter 15. Purchase of Leased Property**

#### **Article 88. Order of purchase of leased property**

With the consent of the lessor, the lessee may fully or partially purchase the leased property, except for land and other natural resources, in accordance with the effective legislation.

The decision to purchase the leased property is made by the general meeting (conference) of the enterprise leaseholder's collective empowered to make this decision, by at least a two-thirds vote of the members present at the meeting (conference).

The management of the leasing enterprise, based on the decision of the general meeting (conference), draws up a draft agreement for purchase of the leased property and forwards it to the agency authorized to offer the enterprise for lease. This agency must review the draft agreement and make a decision within a period of 30 days from its receipt. Disputes regarding the conclusion of the purchase agreement are reviewed by the state board of arbitration or the court.

After the purchase is complete, the enterprise management formulates a bill of purchase-sale.

The terms for the purchase of leased property are defined by the purchase agreement and may be set prior to expiration of the lease period.

The purchase is performed when the lessee pays the lessor the surplus value of the leased property and the sum of the lease payment specified by the agreement at the time of purchase.

From the moment of purchase, the lessee ceases lease payments and payment of the amortization deductions to the lessor, if such payment was specified by the lease agreement.

#### **Article 89. Sources of purchase of leased property**

The purchase of leased property may be performed at the expense of any funds which the leasing enterprise has at its disposal.

### **Article 90. Purchase agreement**

The relations of the parties in the purchase of property are regulated by legislation and by the [purchase] agreement, which may be either an independent document or a section of the property lease agreement.

The purchase agreement is concluded on a voluntary basis, with both parties having full equal rights.

The purchase agreement defines: The make-up and monetary (cost) appraisal of the purchased state property, the forms and sources of purchase, the order and terms of the purchase, the participation of third parties, and specifically creditors, in the purchase, the buyer's and seller's conditions, the guarantee of quality of the purchased state property, as well as other principles associated with the peculiarities of the objects and subjects of the purchase which do not contradict Belorussian SSR legislation.

The purchase agreement lists separately the content and value of the facilities related to the nonproductive sphere (housing-communal, social-cultural function) which are handed over for non-compensated use. The agreement defines the responsibilities of the owner in relation to the facilities (their maintenance and capital repair).

A lessee may not be forced to purchase property which he does not need.

The parties bear responsibility for non-fulfillment and unreliable fulfillment of the obligations stated in the purchase agreement, including also for alteration and dissolution [of the agreement] in a unilateral manner, as specified by Belorussian SSR legislation and by the purchase agreement.

Disputes arising in the implementation of the purchase agreement are reviewed by the state board of arbitration or the court.

### **Chapter 16. Uncompensated Transfer of State Property**

#### **Article 91. Sphere and objects of uncompensated transfer of state property**

Uncompensated transfer of state property is allowed, with agreement of the owner, in all spheres of the national economy and is applicable in regard to any property which is not prohibited for lease and purchase by Belorussian SSR legislation.

Property of enterprises (associations) and organizations which are operating at a loss or showing low profitability is primarily subject to uncompensated transfer if there is no one willing to lease or buy this property.

#### **Article 92. Subjects of uncompensated receipt of state property**

The subjects of uncompensated receipt of state property may be:

—labor collectives of state, leasing or any other enterprises and organizations, as well as mixed collectives which have expressed a willingness to accept the property;

—physical persons.

The indicated legal and physical persons act as the legal successors to the rights and responsibilities of the state enterprise whose property is transferred without compensation.

In this case, priority right to obtaining state property transferred without compensation to collective ownership belongs to the labor collective of the state or leasing enterprise which utilizes the given property.

#### **Article 93. Order of uncompensated transfer of property**

The decision on uncompensated transfer of property is made by the owner or the authorized agency in charge of managing of the state property, with consent of the subjects receiving the property.

In individual cases, at the discretion of the authorized agency managing the state property, a mixed form of transfer of state property is permitted, which provides for the purchase of individual types of property along with uncompensated transfer of the basic property.

#### **Article 94. Agreement on uncompensated transfer of property**

The basic document regulating the legal relations arising during uncompensated transfer of property is the agreement, which reflects the inventory and value of property being transferred without compensation, the owner's conditions and other principles.

[Signed] N. Dementey, chairman, Belorussian SSR Supreme Soviet, Minsk, 12 December 1990.

#### **Belorussian Decree on Implementation of Law on Leasing**

914A0688A Minsk SOVETSKAYA BELORUSSIYA  
in Russian 30 Dec 90 p 1

[Decree of the BSSR Supreme Soviet, issued by BSSR Supreme Soviet Chairman N. Dementey: "On Implementation of the BSSR Law: 'On Leasing'"]

[Text] Minsk, 12 Dec—The Supreme Soviet of the Belorussian Soviet Socialist Republic **resolves**:

1. To implement the BSSR law: "On Leasing" effective 1 January 1991.

2. To instruct the BSSR Council of Ministers by 1 March 1991:

—to present to the BSSR Supreme Soviet proposals for bringing the legislative acts of the BSSR into conformity with the BSSR law: "On Leasing";

—to bring the BSSR government's decisions into conformity with said law, to ensure the review and repeal by the ministries, governmental committees and departments of the BSSR of any normative acts, including instructions, that contradict said law;

—to elaborate a list of the types (groups) of enterprises, associations, and organizations and types of property the lease and purchase of which is either not permitted or restricted.

3. Until the legislation of the BSSR is brought into conformity with the BSSR law: "On Leasing," current legislation shall apply if it does not contradict said law.

4. The BSSR Council of Ministers, the local congresses of people's deputies, and their executive organs shall guarantee full employment for workers dismissed from enterprises (organizations) due to the shift to leasing and, as necessary, organize their retraining and additional training.

[signed] N. Dementey, chairman, Belorussian SSR Supreme Soviet, Minsk, 12 December 1990

#### **Belorussian Decree on Fulfilling Treaty Obligations for Goods Supply**

914A0688B Minsk SOVETSKAYA BELORUSSIYA  
in Russian 28 Mar 91 p 1

[Decree of the BSSR Council of Ministers: "On the Results of Work To Conclude Agreements for Supplying the Market With Goods in 1991"]

[Text] Minsk, 25 Mar—The Council of Ministers of the Belorussian SSR declares that in connection with the loss of balance in the country's economy due to the decentralization of the administration of material-technical supply, the destruction of existing economic ties, and the violation of contractual discipline, the situation in the consumer market remains extremely complex and unmanageable.

Despite measures taken by the republic's government, contracts and agreements for supplies of material-technical resources are not being fully honored, which puts the implementation of the current year's program for consumer goods production under threat of breakdown.

Problems with the supply to the republic by the RSFSR of more than 50 million linear meters of cotton fabric, 4,000 tons of cotton thread, and 300,000 cowhides have yet to be resolved.

Of the 1,171,000 cubic meters of wood pulp and the 502,000 cubic meters of saw-timber allocated to lumber processing enterprises by the RSFSR, only 650,000 and 224,000 cubic meters, respectively (55 and 45 percent), have been received.

Enterprises of the UkSSR have contracted to supply the republic in 1991 with only 9,000 tons of vegetable oil, as

against 76,800 tons actually shipped in 1990. The Republic of Moldova, despite a signed contract, has not begun shipments to Belorussia.

For 1991, the republic has experienced a shortfall from union organs of 1,369 tons of secondary aluminum, 700 tons of rolled aluminum, and 4,658 tons of cold-rolled steel for the production of mass consumer goods.

The republic has not been supplied its full quota of calcinated and caustic soda.

Particularly alarming is the degree to which enterprises' needs for imported raw and other materials have not been met. The union organs have not fully resolved the issues of allocating wool, synthetic fibers and yarns, carpet braiding, chemical materials for the production of fabrics, shoes, leather goods, furniture, glassware, as well as cacao beans, pectin, nuts, and other raw materials for confectionary production.

Given these conditions, BSSR Gosplan, BSSR State Economic Planning Committee (Gosekonomplan), the ministries and departments of the BSSR, the obls-polkoms, and Minsk Gorispolkom, have not properly considered the current economic situation in the country and republic, have not demonstrated the necessary drive and persistence in resolving problems of material-technical supply for the production of mass consumer goods, and have not satisfactorily organized work on contracting for their supply to the market in 1991.

As a result, for the republic as a whole, contracts have not been concluded for the supply of food and nonfood goods to trade organizations in the current year in the amount of 3 billion rubles (R), including R465 million in Brestskaya Oblast, R334 million in Vitebskaya Oblast, R656 million in Gomelskaya Oblast, R94 million in Grodnenskaya Oblast, R297 million in Minskaya Oblast, R925 million in Mogilevskaya Oblast, and R244 million in the city of Minsk.

Enterprises of the BSSR Ministry of Light Industry have not secured contracts for the supply of 36 million knitwear and 94.8 million pairs of hosiery, 6.1 million pairs of leather footwear, 3.3 million cubic meters of carpet goods, R302.6 million of ready-made garments and R71.8 million of fur goods, and enterprises of the BSSR State Committee for Industry and Interbranch Production for R180 million of ready-made garments, knitwear, rubber footwear, and a few other goods.

This ministry and committee, as well as the Belorussian Domestic Services Union (Belbytsoyuz) and the Belorussian Cooperative Union (Belkoopsoyuz) have yet to resolve problems connected with the production in the current year of the necessary number of quilted jackets.

Enterprises of the BSSR Ministry of Building Materials Industry, the Bellesprom firm, the BSSR Ministry of Construction, the BSSR Ministry of Agriculture and

Food, and other ministries and departments have not contracted for the supply of R32.5 million of lumber and building materials.

The BSSR Ministry of Agriculture and Food, obls-polkoms, and Minsk Gorispolkom have not contracted for the full supply of mayonnaise, margarine, wine vinegar, prepared mustard, mineral water, fish products, and meat products.

The BSSR Ministry of Trade has not exercised its right, conferred by the resolution of the BSSR Council of Ministers of 14 December 1990, No 316, to exert economic influence on industrial enterprises should they deviate from concluded economic agreements for the supply of goods to the republic's market. State and cooperative trade enterprises and organizations have slackened their efforts to seek out additional goods resources.

The Belorussian Council of Ministers resolves:

1. To record the insufficient exactingness of BSSR Council of Ministers Deputy Chairman Comrade V. A. Zalomaya toward the leaders of the ministries and departments of the BSSR, who have committed serious omissions in their work to improve the supply of necessary goods to the republic's population.

2. For serious deficiencies in the organization of work to conclude contracts for the supply of consumer goods to trade organizations in 1991, to issue a reprimand to BSSR Minister of Trade Comrade V. P. Demyanovich, BSSR Minister of Light Industry N. T. Gulev, and BSSR First Deputy Minister of Local Industry Comrade A. N. Vakhtin, and to issue a warning to BSSR Minister of Agriculture and Food Comrade F. B. Mirochitskiy and BSSR Gosekonomplan Deputy Chairman Comrade B. A. Makeychenko.

To issue a warning to Comrade V. P. Demyanovich that should he not take effective measures to improve the organization of trade and formation of orders for supplying the market with the most important types of consumer goods, more severe measures will be applied.

3. BSSR Gosekonomplan shall conclude agreements for the BSSR Ministry of Trade as well as the ministries and departments of the BSSR, the obls-polkoms, and Minsk Gorispolkom, for the supply of consumer goods to trade organizations in 1991 in accordance with established state orders and instructions, exercising the right conferred by the resolution of the BSSR Council of Ministers of 14 December 1990, No 316, to levy fines on enterprises unjustifiably refusing to conclude economic agreements.

BSSR Council of Ministers Deputy Chairman Comrade V. A. Zalomaya shall in the indicated period examine issues of ensuring the supply to the republic's market of quilted jackets, yuft (Russian leather) boots, rubber and felt footwear, and several other goods of mass demand and work out concrete measures to satisfy more fully the population's needs for these goods.

Individuals who have not ensured the conclusion of agreements for the supply of goods in accordance with established orders (jobs) shall be brought to account, up to and including dismissal from their occupied posts.

The directors of the ministries and departments of the BSSR, the oblispolkoms, and the Minsk Gorispolkom shall report to the BSSR Council of Ministers on work accomplished by 20 April 1991.

4. Additionally, the BSSR Ministry of Trade shall within a week's time compile, taking into consideration the current situation in the consumer market of the republic, a list of the most important acutely scarce goods and present it to BSSR Gosekonomplan.

BSSR Gosekonomplan shall in ten days' time submit to the BSSR Council of Ministers proposals for the expansion of the nomenklatura and specify the quantities of state orders for the supply of goods to the republic's trading organizations.

5. BSSR Gossnab (Comrade Shepel), BSSR Gosekonomplan (Comrade Borshch), as well as BSSR Ministry of Light Industry (Comrade Gulev), BSSR Ministry of Agriculture and Food (Comrade Mirochitskiy), and other interested ministries and departments of the BSSR, oblispolkoms, and the Minsk Gorispolkom shall immediately examine and resolve the issue of providing enterprises (associations) with the necessary materials and natural resources for the output of consumer goods in the quantities envisaged by the plans for 1991.

6. BSSR Gosekonomplan, BSSR Ministry of Trade, BSSR Ministry of Finance, along with the corresponding ministries and departments of the BSSR, shall analyze the justification for each enterprise's reserve of goods for its own needs and supplies for export with the aim of directing maximum quantities to the republic's consumer market, and shall also analyze the efficiency of each enterprise's utilization of currency funds for raw and other materials to maximize goods production. Proposals on this issue shall be presented to the BSSR Council of Ministers within a month's time.

7. To invest control over the implementation of the present resolution on the administration of consumer goods, trade, and services to the population, regional communications and material resources, industry and energy, for affairs of agriculture and food to the Administration of Affairs of the BSSR Council of Ministers.

### **Uzbek Law on Business Undertakings**

#### **Text of Law**

914A0716A Tashkent PRAVDA VOSTOKA in Russian  
28 Feb 91 p 2

[Text of Uzbek SSR Law "On Enterprise in the Uzbek SSR"]

[Text] The present law defines the legal principles of the organization, functioning and development of enterprise in the Uzbek SSR.

The law guarantees the economic and legal independence of entrepreneurs, defines their rights and responsibilities, regulates the relations of entrepreneurs with other enterprises and organizations and state administrative agencies.

The law is aimed at accelerating the processes of formation and development of market relations on the basis of a comprehensive realization of the capacities of citizens to engage in enterprise, increasing their business activity, and establishing legal guarantees for the development of enterprise.

The law facilitates the formulation of conditions ensuring freedom of choice of the forms of ownership and economic management, equal rights of their functioning, mutual cooperation and free competition.

#### **Article 1. Enterprise**

Enterprise is the initiative of economic activity, within the framework of effective legislation, taken by the subjects of ownership at their own risk and at the responsibility of their own property, for the purpose of obtaining profits.

Enterprise in the Uzbek SSR is implemented:

- on the basis of the entrepreneur's own property;
- on the basis of the entrepreneur's involvement of property belonging to citizens and legal persons, including foreign;
- on the basis of the entrepreneur's application of state property and the property of public organizations;
- on the basis of combining the above-listed forms.

Based on the character of the enterprise activity and the relations with the owner, enterprise activity may be implemented by the owner himself, as well as by a subject managing his property with the right of full economic administration and with determination of the limits of such administration by the property owner.

Enterprise in any form may be based on personal direct participation of the property owner in the production process and (or) on the application of the hired labor of other citizens.

#### **Article 2. Legislation on Enterprise**

The relations associated with enterprise, regardless of the forms of ownership, the type of activity, or the sectorial specialization, are regulated by the present law and other Uzbek SSR legislative statutes.

In regard to state organizations, self-government organizations, social, religious and other organizations whose primary function is not enterprise activity, this law is

applicable only to that portion of their activity which by its character constitutes enterprise activity.

### Article 3. General Principles of Enterprise

The basic principles enterprise development in the Uzbek SSR are:

- freedom of the entrepreneur in using the property belonging to him for implementing any enterprise activity which is not prohibited by law;
- independence of the entrepreneur in performing economic activity and in distributing its results;
- equal rights before the law for all types of production-economic activity of enterprises, regardless of the forms of ownership;
- voluntary nature of implementing enterprise and hiring workers;
- declarative form of reporting income to tax agencies, regardless of the sources and methods of its receipt; property responsibility for non-reporting (underreporting) income of entrepreneurs in accordance with Uzbek SSR legislation.

### Article 4. Subjects of Enterprise

The subjects of enterprise may be:

- a citizen of the Uzbek SSR and USSR who is not limited in his capabilities in the order established by law;
- a group of citizens (partners), including the labor collective of a state, cooperative or other enterprise—a collective entrepreneur;
- a foreign citizen or legal person, as well as persons without citizenship, within the limits of authority specified by Uzbek SSR legislation;
- subjects of mixed ownership.

Management workers of agencies of state power and state administration may not engage in enterprise activity, as well as other persons for whom this is prohibited by Uzbek SSR legislation.

### Article 5. Forms of Enterprise

The forms of enterprise are:

- individual labor activity;
- private enterprise implemented by an individual citizen with application of hired labor;
- collective enterprise implemented by a group of citizens;
- joint enterprise implemented by legal persons and citizens on the basis of combining property and property rights.

### Article 6. Enterprise Organization (Firm) and the Principles of Its Activity

In order to implement enterprise activity, the subject of the enterprise creates enterprise organizations (firms). The general legal, economic and social principles for the creation, activity, reorganization and liquidation of enterprise organizations (firms) are regulated by the Uzbek SSR Law: "On enterprises in the Uzbek SSR".

### Article 7. Rights of the Entrepreneur

Every citizen (group of citizens) has the right, on an equal footing with other subjects of economic management:

- to undertake and conduct enterprise activity by means of creating institutions, obtaining and transforming enterprises and organizations, provided he adheres to the conditions defined by Uzbek SSR legislation;
- to institute his enterprise organization with a varying degree of property responsibility;
- to attract on voluntary principles the property and monetary funds of other legal persons and citizens necessary for conducting this activity;
- to independently hire and fire workers in accordance with Uzbek SSR legislation;
- to receive an unlimited amount of personal income from the enterprise, subject to taxation in the order established by Uzbek SSR legislation;
- to social provision and social insurance in accordance with Uzbek SSR legislation;
- the entrepreneur or persons authorized by him have the right to contest in the established order any actions of other subjects of economic management who present claims or impose sanctions, except those which are irrefutably imposed in accordance with Uzbek SSR legislation.

### Article 8. Responsibilities of the Entrepreneur

The entrepreneur must:

- fulfill all obligations stemming from the effective legislation and from the contracts which he has concluded;
- conclude labor agreements (contracts) with workers whom he has hired in accordance with Uzbek SSR legislation;
- settle accounts in full with all workers hired in accordance with the concluded agreements, regardless of the financial status of the enterprise;
- provide social and medical insurance for workers whom he has hired to work for him;
- recruit for work which requires special knowledge and skills in accordance with legislation only persons

having the necessary training, professional suitability and appropriate education.

#### Article 9. Responsibility of the Entrepreneur

In accordance with the effective legislation, the entrepreneur bears the responsibility, within the limits of his property, for fulfillment of tax and credit obligations and concluded agreements, for violation of the property rights of other subjects, for violation of labor safety conditions, for the public sale of products harmful to human health, for environmental pollution, and for violation of anti-monopoly legislation.

The entrepreneur bears property or other responsibility specified by law for violation of Uzbek SSR legislation, up to court ordered cessation of enterprise activity.

Property claims extend to the entrepreneur's heirs, but may not exceed the amount of inherited property.

#### Article 10. Guarantees of the Rights and Interests of Entrepreneurs

The Uzbek SSR guarantees the stability of property relations of entrepreneurs established by the Uzbek SSR Law: "On Property in the Uzbek SSR", by the present law, as well as by other Uzbek SSR legislative statutes. The state guarantees the property rights of the entrepreneur.

If the Uzbek SSR agencies of state power and administration adopt legislative statutes terminating the right of the owner, the losses incurred by the owner as a result of the adoption of these statutes are fully compensated to him by court decision. This compensation is made at the expense of funds which are at the disposal of the appropriate agency of power or administration.

State confiscation of an enterprise organization's property from its owner is permitted only the case of claims against this property for the owner's responsibilities in the cases and order established by Uzbek SSR legislative statutes.

[signed] I. Karimov, President, Uzbek SSR, Tashkent, 15 February 1991

#### Decree on Law's Implementation

914A0716B Tashkent PRAVDA VOSTOKA in Russian  
28 Feb 91 p 2

[Text of "Uzbek SSR Supreme Soviet Resolution on the Order of Implementation of the Uzbek SSR Law: 'On Enterprise in the Uzbek SSR'"]

[Text] The Uzbek Soviet Socialist Republic Supreme Soviet hereby resolves:

1. To implement the Uzbek SSR Law: "On Enterprise in the Uzbek SSR," effective from the moment of its publication.

2. To establish that henceforth, until Uzbek SSR legislation is brought into line with the Uzbek SSR Law: "On Enterprise in the Uzbek SSR," the effective statutes of Uzbek SSR legislation are applicable as long as they do not contradict this law.

3. To assign the following tasks to the Cabinet of Ministers under the Uzbek SSR President:

- to develop within three month's time a statute on estimating the value of property of state enterprises and organizations subject to purchase, sale, or transformation to stockholding societies and societies with limited responsibility;
- to develop within a month's time a: "Statute on Private Enterprise in the Uzbek SSR";
- to determine the order of deductions paid to the state from income received by unregistered enterprise organizations;
- prior to 1 March 1991, in cooperation with the Uzbek SSR Supreme Soviet committees, to ratify the list of officials who are prohibited from engaging in enterprise activity;
- prior to 1 June 1991, to submit to the Uzbek SSR Supreme Soviet Presidium a proposal on bringing Uzbek SSR legislative statutes into line with the Uzbek SSR Law: "On Enterprise in the Uzbek SSR";
- within three month's time to bring the decisions of the Uzbek SSR government into line with the Uzbek SSR Law: "On Enterprise in the Uzbek SSR";
- to see that Uzbek SSR ministries, state committees and departments review and repeal any of their standards which contradict the law.

4. The Uzbek SSR local Soviets of People's Deputies and their executive organs must discontinue the practice of unjustified intervention in the economic activity of enterprises, associations, and organizations, and build their relations with the subjects of enterprise on the basis of the effective legislation and concluded agreements.

[signed] M. Ibragimov, Chairman, Uzbek SSR Supreme Soviet, Tashkent, 15 February 1991

#### Armenian Council of Ministers First Deputy Chairman on 1990 Economy

914A0720A Yerevan GOLOS ARMENII in Russian  
11 Apr 91 pp 1,2

[Interview with Grant Bagratyan, first deputy chairman of the Armenian Republic Council of Ministers and chairman of the State Committee for Economy, by ARMENPRESS correspondent Levon Azroyan: "Nevertheless We Shall Not Be Pessimists..."]

[Text] In 1990 the economy of the Armenian Republic developed under complex and contradictory socioeconomic conditions that are primarily typical of the entire country but that were seen with even greater mordancy in our republic because of the prolonged economic crisis in the Union, the unsatisfactory course of restoration work in the disaster area, the great number of refugees,

the presence of unresolved problems, and the tense situation in the Artsakh. All of this naturally deepened the crisis phenomena during 1990 and intensified economic and social tension. Notwithstanding, life did not come to a halt in the republic.

An ARMENPRESS correspondent met with Grant Bagratian, first deputy chairman of the Armenian Republic Council of Ministers and chairman of the State Committee for Economy, and asked him to respond to a series of questions of interest to our readers.

[Azroyan] Mr. Bagratian, could you briefly describe how the economy developed in our republic last year?

[Bagratian] In 1990 our gross income actually fell 5.5 percent, labor productivity 8.4 percent, and national income 6.9 percent. This was the result of inadequate supplies of resources and the economic and political chaos reigning in the country. You understand that under conditions in which particular republics have still not managed to conclude treaties with one another, the large republics, where internal economic circulation is great, can cope more easily with the difficulties that arise.

It should be said that the position is no better this year. Whereas at the beginning of the year our indicators had noticeably improved, because of the energy crisis in February enterprises and construction organizations in the republic did not work for two weeks, and as a result we remained at the level of the first quarter of last year. Today we have been forced to regard a small decline as success.

[Azroyan] Mr. Bagratian, from what you have said it is clear that last year the republic's economy developed under strained conditions. Can you please give the reasons for that?

[Bagratian] Of course, it is a disaster area and has a special housing problem. It is already obvious that Union resolutions on a two-year period of restoration for the disaster area have not been met. In the interests of fairness, I should say that the reasons for this lie not only with the unsubstantiated nature of the Union program, which was adopted hastily, or the inadequate supplies of construction materials as a result of the economic blockade by Azerbaijan and the halting of work at many construction organizations from the Union republics and their departure from the disaster zone, but also with serious omissions in the organization of restoration work, lack of centralized leadership, the dissipation of financial and material resources between many construction-and-assembly organizations from the various republics, and so forth.

During the period 1989-1990 housing to a total of 795,600 square meters of useful area was commissioned in the disaster area; this was only 14.9 percent of the targets planned by Union resolutions. General education premises with a total of 5,722 places for students were commissioned, or only 5.5 percent of what was planned.

The plan for the commissioning of preschool facilities was fulfilled to about the same extent. Things were even worse with the construction of hospitals, polyclinics, and cultural projects.

I would say that one very major reason for the exacerbation of social tension has been the irrational use of manpower among the local population, and the unemployment problem. In 1990 almost 118,000 people were looking for work, including 44,000 refugees. At the same time it should be noted that in various sectors of the republic's national economy there were more than 18,000 unfilled work places. Because of insufficient manpower at the industrial enterprises in the disaster area, only 60-70 percent of production capacities were used. Much of the blame for that lies with the rayon soviets and the rayon employment offices.

[Azroyan] Under such circumstances the inhabitants of a number of rayons in the republic, mainly skilled construction workers, loyal to the "traditions," again set off to find work elsewhere.

[Bagratian] Unfortunately that is so. It is a negative phenomenon; apart from the material harm, since it is a disaster area, it also palpably harms the people's morale. In 1990 about 10,000 people left the republic to work in various parts of the Union, including 4,000 from the disaster area. How can we talk about patriotism when skilled construction workers and healthy men leave the disaster area to look for work elsewhere while people who have come from other republics are laboring on their native soil? People are rightly saying that each person must build his home for himself.

[Azroyan] What steps is the republic government taking to improve the situation?

Proceeding from the existing situation the government has drawn up and is trying step by step to implement a comprehensive program to restore the disaster area. What has been done in that direction?

[Bagratian] First, we have achieved a situation in which all material resources, and also money assets, received for the disaster area are being put at the disposal of the government of Armenia. Thanks to this it has been possible to obtain additional material resources.

Second, in 1991, we shall expand in a basic way the involvement of the construction workers of Armenia in the restoration work. At the same time new problems have arisen. The worst thing is that economic links have been disrupted between the republics of the Soviet Union. For example, last year we received only 75-80 percent of the equipment and construction materials planned, 50 percent of timber materials, and 52-70 percent of the fuel. This level has fallen even further during the first quarter of this year, and the prerequisites still do not exist for any improvement during the second, third, and fourth quarters.

I must say, however, that the situation in the disaster area was not so bad during the first quarter of this year: When we started to handle the resources and money assets it became possible to balance these two factors economically. Thanks to this, compared to last year, there has been no decline. I said earlier that under today's extraordinary conditions the criteria change, so that maintaining last year's level can be considered a success.

[Azroyan] Many people are now talking about market relations. Are we ready for this?

[Bagratian] To be candid, many difficulties lie in wait for us along that road that we will have to deal with. The first of these is the increased prices for foodstuffs. Price increases are taking place throughout the Union, but there is no food in the stores even at those prices. Real market relations are associated with change in the forms of ownership. From this standpoint, the steps we have taken are, in my opinion, the most realistic. It is a matter of land distribution. It is not out of the question that three-fourths of the land will be given to the peasants. And then market relations will come into play here. True, we shall not be able to force the peasants to sell products at prices that we set, nevertheless there will be products, and the present market will itself bring order to prices. You understand that prices in the market will be higher than state prices fixed at the center, but I think that they will be significantly lower than present prices in the market.

What are we trying to do? To create small enterprises and joint stock companies on the principles of market relations. The large state sector will for the time being remain unchanged. We are creating the preconditions for the private trader to get on his feet. During the initial period the private sector will make up 8-10 percent of the economy. By year end it may perhaps have risen to 15-20 percent.

If we take into account agriculture, which already represents the private sector, this figure may reach 30-40 percent. The calculations promise the hope that the position will gradually stabilize and we shall move out of crisis. We hope by the end of the year to resolve the problem of vegetables, potatoes, and fruit. Next year we shall meet demand for grains, and then other products.

Not everything, however, depends on us. Economic links with the other republics and particular state enterprises are being broken so quickly that it is difficult to make guesses in advance about tomorrow. The price increases will naturally be a blow to the pockets of some strata of the population. This is inevitable since it is absolutely necessary to go through this stage in the transition to the market. Such are laws of economics.

[Azroyan] At one time Nikolay Ryzhkov promised significant improvement in our life in two or three years. What do you think? How realistic was this?

[Bagratian] Today it is not easy to predict all aspects of tomorrow. None of us is a prophet. But economics does have its own laws that enable us to see tomorrow in general terms. If we succeed in stabilizing the economic situation before 1992 and then, using the possibilities offered by horizontal links, go further, then after that it may be possible to talk about economic successes. On the road to our political independence each step in the economy must be carefully considered. Where we feel that we are right we shall go on to the end, even to confrontation with the center. For example, in the matter of land reform.

[Azroyan] What sources will be sought to find funds for compensation? One newspaper has written that Armenia is among a number of republics that have refused to pay or make deduction to the Union budget to make compensation payments.

[Bagratian] Compensation will be paid out of our budget. After prices have increased it will be raised R3 billion, and almost as much will be paid to the public. Our government is also thinking about additional compensation since in our view the peasants will not agree so easily to lower prices for their products. Consequently, we must show concern for our people.

[Azroyan] Mr. Bagratian, what do you have to say about the process of privatization?

[Bagratian] The fundamentals of privatization have been published in the press. The first is the distribution of land. Other steps are being taken. Two joint stock companies are already functioning. We have created opportunities for the sale of small enterprises. At the same time we offer complete freedom to those who wish to set up new private enterprises. Some everyday service enterprises and trade enterprises will soon be auctioned off. For now we are not touching the large enterprises, otherwise we shall have an unemployment problem. Moreover, they are producing output in a stable way, good or bad, but they are producing.

[Azroyan] What if the collectives want to purchase these objects?

[Bagratian] Let them buy them. They are on an equal footing with all who will take part in the auction. Incidentally, a discount of 40 percent is envisaged for them.

[Azroyan] You recently visited the United States. What were the results of that trip?

[Bagratian] We had meetings first of all with representatives of the Armenian community; we clarified the possibility of our compatriots participating in the work to restore the economy of Armenia, and took steps toward a clear-cut organizational structure for cooperation with Armenians abroad. Ultimately this should all be completed with the help of the authorities in Armenia.

Then there were meetings with representatives of U.S. business circles, in particular in California. We met with bankers in order to settle cooperation between our banks and the American banks.

We invited representatives of the business world to come to Yerevan in May, where at the initiative of the Armenian Republic Ministry of Foreign Relations the first meeting with foreign businessmen will take place, including business people from the Armenian diaspora. In addition, we took steps toward signing a cooperation treaty between Armenia and the state of California.

[Azroyan] It has become clear from our conversation that in the years immediately ahead we can expect economic difficulties. What would you like to wish our people?

[Bagratyan] A people striving for independence must believe deeply in the correctness of their road, not lose heart, not remain passive in the face of the difficulties that, I am deeply convinced, are temporary and can be overcome. This will take time and patience and, of course, selfless labor. Let us not be pessimists.

#### **Estonia To Create Department of Business Competition**

914A0692A Tallinn SOVETSKAYA ESTONIYA  
in Russian 2 Apr 91 p 2

[Article by Yaroslav Tolstikov, under the rubric: "After the Government Session": "Law on Competition Being Readied"]

[Text] The transition to the market and its tangible effect on the economy are impossible without passage of several legislative acts, including acts on demonopolization and the development of competition. A draft of such a law was examined at yesterday's session of the Estonian Republic (ER) government, a meeting Edgar Savisaar termed successful.

At a briefing for journalists, Deputy Minister for Economics Erik Terk informed those gathered that as a result of the law's implementation a Department of Competition would be created to coordinate the activities of various aspects of the national economy and facilitate the economy's demonopolization. Should any enterprise, organization, or firm not heed the department's recommendations, the department will have the right to apply economic sanctions, which could come to as much as 25 percent of the given enterprise's annual revenues.

The sanction is indeed a very strict one. But let us remember how much effort, time, and energy—and with nothing to show for it—our society has spent over the decades on developing so-called socialist competition, that surrogate for the competition in an economically healthy society. Enough already!

Minister of Justice Yuri Raydla spoke about the creation of an arbitration tribunal, which would review disputes between enterprises horizontally, so to speak, located in the various republics of the Union. This, the minister stressed, would be an extragovernmental organization. The arbitration judge (possibly invited from outside) would take into account not only the paragraphs of the law but also the traditions and customs of the people, as well as such concepts as honorable duty. Once the parties have agreed on mutual supplies of output, there can be nothing more sacred than a word given.

The government also examined the issue of quotas for the import and export of goods from the republic. New instructions stipulate that both the seller and the buyer must know at least half a year in advance whether the export (import) of the output covered in the contract will be permitted. Export licenses will be sold on a competitive basis, including for hard currency.

First Deputy Minister of Finance Enn Rooze reported on efforts to develop an excise tax, especially for beer. The state does not set prices for beer; the price depends on the cost of the raw materials, particularly hops. The amount of tax, however, will depend on the volume of production. Lower production means lower tax, and vice versa.

The director of the Department of Communal Services, Toyvo Lippmaa, talked about the law being readied to regulate relations between housing owners (the state, private firms, cooperatives, private individuals) and renters. As of now in the USSR they are guided by archaic legal statutes, especially from 1926. The republic must work out its own housing conception; however, a single point of view has yet to be worked out.

The department's director reported also that the Supreme Soviet, despite frequent discussions of the draft on housing privatization, has still not passed that law. The issue has been postponed indefinitely.

#### **Estonian Law on Committee for Monetary Reform**

914A0692B Tallinn SOVETSKAYA ESTONIYA  
in Russian 2 Apr 91 p 3

[Text of Law of the Estonian Republic, issued by Estonian Republic Supreme Soviet Chairman A. Ryuytel: "On the Formation of a Committee for Monetary Reform of the Estonian Republic"]

[Text]

**Article 1.** In order to implement monetary reform and the introduction of the Estonian Republic's (ER) own currency, there shall be created a Committee for Monetary Reform (CMR) of the ER, to include: the ER government chairman (committee chairman) and the Bank of Estonia president (committee member), in those offices, and one independent member, a scientific worker (committee member) to be appointed by the ER Supreme Soviet.

Should the chairman or members of the committee be unable to fulfill their obligations, they shall be replaced accordingly by the ER minister of finance, the council chairman of the Bank of Estonia, and one of two specialists named by the ER Supreme Soviet.

The ER CMR shall exercise all authorities stipulated in the present law to carry out monetary reform in the ER.

The authorities of the ER CMR are limited to the preparation, conduct, and completion of monetary reform. The committee's activities shall be subject to glasnost insofar as that does not encroach upon state interests. Information on all the committee's activities shall become available after the expiration of the committee's authorities or by decree of the ER Supreme Soviet.

**Article 2.** The ER CMR shall be responsible and accountable to the ER Supreme Soviet.

**Article 3.** The ER CMR shall guide monetary reform and establish deadlines, conditions, and procedures for its implementation.

**Article 4.** The ER CMR has the right to decide all issues related to monetary reform.

**Article 5.** Decisions of the ER CMR shall be formulated in the form of decrees. At the committee's discretion they may be published in the ER Gazette and if necessary brought to the public's attention via the mass media.

Decisions of the ER CMR are mandatory for the entire territory of the ER.

**Article 6.** The present law shall go into force as of the moment of passage and shall remain in effect until 29 June 1995.

[signed] *A. Ryuytel, Chairman, Estonian SSR Supreme Soviet, Tallinn, 27 March 1991*

## INTERREGIONAL, FOREIGN TRADE

### Republic Economic Ties with Turkey Reported

#### Cooperation Agreement Signed by Kazakhstan, Turkey

91UF0702A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 22 Mar 91 p 1

[Kazakh-Turkish Cooperation Agreement: "Agreement on Cooperation Between the Kazakh Soviet Socialist Republic and the Turkish Republic"]

[Text] **The Kazakh Soviet Socialist Republic and the Turkish Republic, hereinafter referred to as the Parties, considering the historical common character of the cultures, language, and traditions of their peoples,**

**desiring to develop multilateral cooperation and strengthen existing friendly relations in accordance with the purposes and principles of the United Nations and based on new constructive approaches in international relations,**

**have agreed on the following:**

#### Article 1

The Parties express their aspiration for further broadening and deepening of mutually beneficial cooperation in the political, trade-economic, scientific-technical, ecological, cultural, humanitarian, information, and other spheres on a long-term basis.

#### Article 2

The Parties will create favorable conditions for the development of direct contacts and commercial transactions between Kazakh and Turkish enterprises and firms.

For this purpose, the Parties will render assistance to each other in conducting trade fairs, exhibitions, opening representative's offices of firms and organizations, and facilitate the reciprocal exchange of delegations and the development of business contacts.

#### Article 3

The Parties will actively develop scientific-technical cooperation for the purpose of utilizing modern achievements in the area of science and technology in the interests of the people, their health and welfare, and render assistance and support to joint initiatives of scientists and scientific research institutions.

#### Article 4

The Parties will closely cooperate in the area of environmental protection and rational utilization of natural resources and will exchange information and accumulated experience in the solution of important ecological problems and the elaboration of measures for the prevention of harmful effects on the environment.

#### Article 5

The Parties will promote establishment of air routes and the development of broadcasting, television, and telephone communications between Kazakhstan and Turkey utilizing the most modern technologies.

#### Article 6

The Parties will promote mutual enrichment and expansion of cultural exchange between their peoples and the development of information, cultural, and humanitarian cooperation.

The Parties will assist in the creation of cultural and information centers, will provide broad access to the language and culture of the other Party, and will devote

necessary attention to the protection and restoration of monuments of history and culture.

The Parties will, in every way, encourage cooperation of the mass media, development of sports contacts, and tourism.

#### Article 7

The Parties will promote creative and professional unions in the implementation of exchanges for the purpose of mutual familiarization of the peoples of the two countries with each other's lives and strengthen friendship and cooperation between the peoples of the Kazakh SSR and the Turkish Republic.

Special attention will be paid to the establishment and development of contacts between the parliaments of the Kazakh SSR and the Turkish Republic.

The Parties welcome the establishment of twin city ties between the cities of both republics.

#### Article 8

The Parties assign important significance to cooperation in the matter of training and increasing the skills of specialists and leading personnel of the economy in various sectors and will promote the reciprocal exchange of students, on-the-job trainees, and school and higher educational institution teachers.

#### Article 9

The Parties have expressed their intentions on the establishment of consular relations between the two republics and also on the opening of consular missions on a reciprocal basis.

The Parties have reached agreement on the regular conduct of consultations between the ministers of foreign affairs on issues of bilateral relations and fundamental international problems that represent a mutual interest.

#### Article 10

This agreement in no way affects rights and obligations in accordance with active bilateral and multilateral treaties and agreements.

#### Article 11

This agreement enters into force after ratification in accordance with the laws of each of the Parties.

Done at Alma-Ata on March 15, 1991, in two copies, each in the Kazakh, Turkish, and Russian languages, all three texts being equally authentic.

*For the Kazakh Soviet Socialist Republic: Nursultan Nazarbayev, President*

*For the Turkish Republic: Turgut Ozal, President*

### Moldovan-Turkish Trade Prospects Assessed

91UF0702B Kishinev MOLODEZH MOLDOVY  
in Russian 23 Mar 91 p 5

[Interview with Nikolay Osmokesku, Moldova SSR first deputy minister of foreign affairs, by IAN Correspondent Lyudmila Rybkina: "Moldova Is Counting Its Interests"]

[Text] The project to create the Black Sea Economic Cooperation Zone envisions the active inclusion in this process of Soviet republics that are part of the region. Nikolay Osmokesku, Moldova SSR first deputy minister of foreign affairs who participated in the recent conference of interested parties in Ankara, shares his thoughts in this connection.

[Osmokesku] We have been actively involved in the process of preparing the future treaty. All the more so since the republic concluded several agreements on cooperation with Bulgaria, Romania, and Turkey prior to the conference in Ankara. I will point out that not only Moldova has such agreements, but also Russia, Ukraine, and other republics have them.

All partners manifested very great interest in the most rapid establishment of regional cooperation. Specific proposals were prepared on the development of economic, trade, and cultural ties, tourism, and on the joint solution of ecological problems. The document's final text will be signed by the heads of state.

The republics are participating in all stages of treaty elaboration. We have agreed that all participants will have the opportunity to deepen and develop cooperation proceeding from their own needs and specific interests after the appropriate agreement has been signed. But I want to stress that this in no way becomes a counterweight to the interests of the Union.

[Rybkina] Today, what are Moldova's specific needs?

[Osmokesku] We intend to take the first steps in cooperation in the economic sphere. Moldova is interested in creating small joint ventures for processing agricultural products and for forage production.

We view tourism as a priority direction. At the recent meeting in Ankara, we all arrived at a common conclusion: the establishment of ties must be carried out not immediately in all planned directions, there are very many of them, but gradually to the extent that opportunities open up in some area or other. In my opinion, tourism is such an opportunity. If it is diligently managed, the base that the republic has at its disposal will already permit the beginning of an exchange of tourist groups right now. We propose, in cooperation with Ukraine and Russia, organizing comprehensive tourist routes using maritime and motor transportation. We can also establish a panoramic route.

We are also very interested in the development of telecommunications and information science. The

Turkish side has modern communications systems and equipment at its disposal in this sphere and could saturate our market with them.

Well, we consider the joint solution of ecological problems to be the most important. The issue is being sharply raised: Will the Black Sea be or not be. It must be admitted that our republic bears part of the blame for its pollution. In order to save the sea, we do not only need resources. The main thing is the good intentions and consciousness of the responsibility to future generations.

Moldova is also interested in the development of coastal trade. Right now our consumer market is, putting it mildly, meager. But Turkey, by way of illustration, is seeking sales markets for its goods. So the interest is mutual here.

There is the intention to conduct joint fairs and exhibitions and to establish relations in the area of education (specifically, between universities), the exchange of information, folklore collectives, and sports teams with all of the countries of the region. Right now the republic government and ministries are working on specific proposals. Incidentally, one of them came from the southern region of Moldova—Chadyr-Lungi where the Gagauz live. They have expressed the desire to establish friendly relations with a Turkish city or region.

[Rybkina] A member of the republic government recently stated that Moldova acquired sovereignty last year and set out into the world seeking new partners. Actually, dozens of treaties and agreements have been concluded with various countries during the course of a partial year. How would you assess Moldova's participation in Black Sea state cooperation?

[Osmokesku] I dare say that my assessment also corresponds with the opinions of the other republics and the USSR as a whole. I think that this direction is one of the most real and promising. We must admit that very much unites us and first of all the Black Sea basin and the Black Sea itself is needed by all of us not only as a resort area and as a transportation artery and fishing zone, but also as the single living medium among peoples. I think that the time has come for a decisive shift of both peoples and states to meet each other halfway for the sake of the common welfare and prosperity.

#### **Kyrgyz-Turkish Initiatives Described**

91UF0702C Frunze SLOVO KYRGYZSTANA  
in Russian 9 Apr 91 p 3

[Article by N. Nusubaliyev, executive secretary of the Kyrgyzstan-Turkey Friendship Society: "The Turkish Coast Has Come Closer"]

[Text] The constituent conference of the Kyrgyzstan-Turkey Friendship Society was held in Bishkek. It is symbolic in time that it occurred almost immediately after Turkish President Ozal's visit to our country. The fact of this social structure's appearance in a republic

precisely meets the spirit of the important documents on good neighbor relations and cooperation between the two states that were signed during the visit.

"Kench" Concern (the former republic Ministry of Local Industry was recently transformed into it) Chairman K. Abdrayev was elected the society's president. The election was no accident, it is Karyke Abdrayevich who was one of the individuals who is actively responsible for establishing economic cooperation between Turkey and Kyrgyzstan in recent months and the opening of a joint venture in Issyk-Atinskiy Rayon for the production of sheepskin and fur products with the Turkish Firm "Promoto."

During the initial stage, the venture consisted of 16 leading collective members. Among them are the joint venture mentioned above, Issyk-Atinskiy Rayon's "9 Maya" Kolkhoz, Bishkek's Broyler Association, "Kyyal" People's Fishery Association, Aksuyskiy Rayon House of Culture, Kochkorskiy Rayon's "Min-Kyyal" Folklore-Ethnographic Ensemble, and others. Some of them already have the experience of friendly and business contacts with Turkey. A recently formed association of Turks also became part of it in the capacity of a leading organization and Kyrgyzstan Republic People's Deputy M. Izzatov who heads it became the society's vice president.

The Kyrgyzstan-Turkey Friendship Society's immediate plans include promotion of development and strengthening of multifaceted relations between the two republics and establishment of mutual understanding between their peoples. The arsenal of the work methods and techniques being planned includes an exchange of special tourist groups composed of activists from native societies and specialists from various professions in the areas that present a mutual interest, various information and illustrative materials, the organization of exhibitions that reveal the richness of the national cultures, and much more.

## **PRICES, BUDGET, FINANCES**

### **Ukrainian Legislation on Retail Price Reform**

#### **Decree on New Prices**

914A0656A PRAVDA UKRAINY in Russian 2 Apr 91  
p 2

[Decree of the UkSSR Council of Ministers on New Retail Prices of Consumer Goods and Public Services for the People of the Republic, No. 71, issued 28 March 1991]

[Text] To stabilize the consumer market and to develop conditions favorable for increasing the production of consumer goods and for providing services to the people, while combating profiteering and the black market, the Council of Ministers of the Ukrainian SSR resolves:

1. To introduce new retail prices set by the state, commencing 2 April 1991, on basic consumer goods, and new rates for the transport of passengers and baggage by rail, as well as by air, sea, river, and motor vehicle transport, and for communications services, with the increases in prices and rates as specified in Appendix 1.

Not to increase state retail prices now in effect for the production and sale in 1991 of textiles made from artificial or synthetic fibers or products made from them; for footwear made of synthetic materials; for fur products, knitwear, hosiery, and toys; for medical equipment and supplies; for coffee and vodka; for available gasoline, kerosene, electricity, gas, coal, furnace fuel, wood, and peat briquettes; and not to increase payments for housing or rates for the supply of water, sewage, heating, and funeral services.

2. To partially retain state subsidies of meat, fish, milk products, and a certain other consumer goods of social significance in order to restrict the further growth of retail prices.

3. The Committee on Prices of the UkSSR Council of Ministers, in concurrence with the UkSSR Ministry of Finance, the UkSSR Ministry of Trade, and the UkSSR Union of Consumers' Societies, is to set new scales of debates on consumer goods sold at retail prices, effective 2 April 1991.

4. The executive committees of Kiev, Sevastopol, and oblast soviets shall establish new scales of mark-ups on products, and the procedures used to calculate them, for enterprises as well as public food service organizations, with due allowances made for the new wholesale and retail prices, rates, and rebates.

5. A list of goods of both domestic and foreign manufacture to be sold at agreed-upon (free) retail prices is set forth in Appendix 2.

The UkSSR Ministry of Finance, jointly with the Committee on Prices of the UkSSR Council of Ministers, shall establish turnover tax rates for goods produced by republic enterprises sold at contract (free) prices and the procedures for changing them.

The Committee on Prices of the UkSSR Council of Ministers, in the event of an unusual rise in contract (free) prices, may restore temporarily state regulation of prices and rates.

6. Goods not included in Appendix 1 or Appendix 2 of this decree shall be sold to the people at regulated retail prices. These prices shall be regulated by imposing limits or scales within which they may vary from a price list of retail prices or in accordance with any other procedure determined by the price-setting agencies.

7. The executive committees of the Kiev, Sevastopol, and oblast soviets shall set the limits for raising the prices in effect and rates for public services (with the exception of rates for water supply, sewage, heat, and the provision of funeral services) and shall determine the

range of both regulated and agreed-upon (free) prices and services. The cost of orders and materials for their manufacture earlier adopted shall not be subject to change.

8. The procedure previously in effect for establishing contract and temporary retail prices on consumer goods with indexes D and H is eliminated.

9. The Committee on Prices of the UkSSR Council of Ministers, the executive committees of Kiev, Sevastopol, and the oblast soviets, together with other republic ministries, departments, and trading organizations, shall within their jurisdictions provide concerned enterprises, institutions, and organizations with instruction with respect to procedures to be used in forming and in altering retail prices for consumer goods, and for re-evaluating them, as well as for preparing normative documents necessary for performing the function of introducing new retail prices and rates in an expeditious and efficient manner.

10. For the timely changeover in the pricing of goods, the UkSSR Ministry of Trade, the UkSSR Union of Consumers' Societies, and other ministries and departments maintaining a trading network are authorized not to engage in trading on 1 April 1991, refraining for the entire working day in trading industrial products and refraining from trading food products during the last two hours of the day.

11. The Committee on Prices of the UkSSR Council of Ministers, together with UkSSR ministries and departments, the Kiev, Sevastopol, and oblast executive committees, interbranch state associations, unions, economic associations, concerns, and other associations of enterprises and organizations are henceforth to establish and maintain effective oversight control of the formation and application of retail prices for consumer goods and services provided to the people.

[signed] *V. Fokin, chairman of the UkSSR Council of Ministers, and V. Pekhota, executive director of the UkSSR Council of Ministers*

#### Appendix 1

#### Average Increase of State Retail Prices for Consumer Goods and Rates for Public Services Above Present Level, Expressed in Percent

| Goods or Services                                   | %    |
|---|------|
| Meat and meat products                              | 200* |
| Milk and milk products                              | 130  |
| Eggs and egg products                               | 100  |
| Bread, flour, macaroni, hulled and rolled products) | 200  |
| Sugar   | 135  |
| Tea, cocoa powder                                   | 100  |
| Salt  | 240  |
| Fish (except delicatessen products)                 | 130  |

**Average Increase of State Retail Prices for Consumer Goods and Rates for Public Services Above Present Level, Expressed in Percent**

| Goods or Services  | %   |
|--|-----|
| Vegetable oil (margarine products)                                   | 100 |
| Food concentrates (for children and dietary purposes)                | 200 |
| Soap (toilet, household)   | 100 |
| Toothpaste, tooth powder   | 200 |
| Soft-boiled candy  | 165 |
| Brandies   | 30  |
| Wine from grapes, berries, incl. champagne                           | 50  |
| Domestically produced tobacco products                               | 50  |
| Underwear, mass-produced clothing and footwear                       | 135 |
| Childrens' wear, except articles of natural fur                      | 195 |
| Goods for domestic, industrial needs                                 | 75  |
| Rates for transport of passengers and baggage:                       |     |
| —By rail   | 70  |
| —By air  | 80  |
| —By sea  | 140 |
| —By taxicab; suburban, intra-city bus routes; river transport routes | 100 |
| —City transport systems (trolley, tram, bus, subway)                 | 200 |
| —Buses on intercity routes and special-order buses                   | 150 |
| —Urban and suburban river transport routes                           | 220 |
| Rates for transport dispatch services:                               |     |
| —Motor vehicle transport   | 50  |
| —Tractor-trailer transport   | 50  |
| —Public communication services                                       | 20  |

Note: Price-setting agencies within their jurisdictions will determine specific amounts of state retail prices and rates.

\* With the exception of all types of smoked and semi-smoked sausages, smoked foods, and canned ham sold at cooperative trade prices.

**Appendix 2**

**List of Consumer Goods of Both Domestic and Foreign Manufacture Sold at Contract (Free) Retail Prices**

**Goods of Light Industry**

Articles of all kinds of natural fur for adults (except for clothing specially ordered or designed, clothing with the upper part of cloth, and headdress of rabbit fur or sheepskin. Collars for adults of valuable kinds of natural fur.

Linen and products made from it, including tablecloths, covers, and other piece-work (except for industrial purposes).

Natural silk fabrics, including those with other fibers, and products made from them, silk upholstery fabrics, covers, coverlets, tablecloths; velvet (except for industrial purposes).

Pure wool fabrics (except those for special purposes) and products made from them, upholstery fabrics, blankets of camel hair and angora wool, rugs, covers, coverlets, tablecloths, and curtains. Head coverings of pure wool fabric.

Cotton-dress fabrics of jacquard and crepe weave, marquisette, voile, cambric, and muslin fabrics weighing more than 400 grams per square meter; velvet and products made from it; upholstery fabrics, spreads, coverlets, tablecloths, and curtains; and fabrics and articles made with the use of metanit [transliterated].

New and fashionable articles of cotton and wool in combination with chemical fibers.

Nonwoven fabrics for shaggy towels, dresses, blouses, or decorative purposes.

Curtain fabrics, except those of the simplest structure.

Cotton thread for embroidery and crochet, thread of natural silk for sewing, and thread and yarn for public sale.

Sewn articles with embroidery (except those for children). Handmade knitwear, haberdashery textiles, and lace.

High-quality imported sewn and knitted articles, footwear, and leather haberdashery articles for adults.

Clothing made of natural fur.

Rugs and products used as rugs.

Leather shoes for adults, standard and sports shoes for athletic and active recreational purposes; polymer shoes for sporting and active recreational purposes.

Knitwear for adults of pure wool No. 45 and No. 52 and of fashionable imported yarn.

Natural and artificial leather haberdashery articles (except those of special design or for children) and suitcases of synthetic material.

Haberdashery textiles (except products of of special design such as Pioneer ties, bandannas, and cotton scarfs).

String and twine.

**Goods for Daily and Household Use**

Jewelry made of precious metals, including jewelry inlaid with fine and precious natural and artificial stones; clocks with gold casings.

Articles in which precious metals are used, including handicrafts, souvenirs, cutting tools, silver-plated and gold-plated table utensils, clocks with gold-plated casings, and jewelry of various materials.

Radio-receiving, sound-recording, and sound-reproducing equipment of the first, second, and third category of complexity (video tape recorders, radios, tape recorders, amplifiers, music centers, tuners, etc.), color television sets of the fourth and subsequent generations, car radios and tape decks).

Imported radio, sound-recording, and sound-reproducing equipment (video tape recorders, television set, radios, tape recorders, etc.).

Enameled and decorated steel and stainless steel kitchen utensils.

Refrigerators of more than 250 liters in volume, two- and three-chamber refrigerators and freezers, microwave ovens.

Articles of crystal and lamps with crystal elements.

Articles of china and glazed pottery with artistic finishes, including sets of tableware for serving tea and coffee, and molded and decorated articles (vases, candy containers, etc.). Articles of china, glazed pottery, and earthenware of unclassified domestic manufacture.

Handicraft art products and souvenirs. Badges.

Furniture collections and suites for living rooms, bedrooms, partitions, anterooms, soft furnishings, and kitchen furnishings of wood or finished with wood. All kinds of imported furniture.

Spare parts for light vehicles.

Sportswear (except for children).

Watches and clocks.

Fountain and ball-point pens.

Household goods of wood and metal. Accessories for furniture.

Personal computers and calculators.

Semiautomatic and automatic washing machines.

Semiautomatic and automatic "zigzag" sewing machines and knitting machines.

Vacuum cleaners, floor-polishers, and other electric appliances.

Electric and radio-operated measuring instruments.

Phonograph records (except for children).

Telephone equipment.

Photographic and motion picture equipment (except for children).

Heating equipment and hot-water heaters.

Writing paper products (except for children).

Mirrors

Musical instruments (except for children)

Motorbikes (except for children) and accessories.

Modular homes, garden sheds, and assembly sets.

Garden equipment.

Construction equipment for individual use.

Brushes.

Haberdashery goods of metal, manicuring sets, carrying cases, and similar articles.

Plastic products.

Spare parts for radio, electrical, and other complex equipment for daily and household use.

Toilet equipment and imported ceramic tile.

Paint, varnish, oil, and other chemical ingredients for domestic use in small amounts.

Sheets, panels, and protective coverings for decorative resurfacing of natural stone, wood, or other materials.

Decorative plaster articles; glazed earthenware tile.

Hardware and accessories for doors and windows, locks, domestic appliances.

Paper and cardboard packages.

**III. Foodstuffs**

Sturgeon caviar and salmon roe. Delicacy products from valuable kinds of fish and sea products (Baltic salmon, salted salmon cuts, smoked salmon, Siberian salmon cuts, and similar items).

Pastry and bakery products, such as doughnuts, croissants, small loaves, bread sticks, buns, and flour for pancakes and blini.

Brandies and fine wines.

Unique (rare vintage, high-quality) domestic wines (Livadiya red port, Massandra black muscatel, Negru de Purkar, Perlina stepu, Akhasheni, Kindzhmarayli, Khvanchkara, and similar wines), as listed by the Central Tasting Commission and other standardization agencies.

Non-alcoholic beverages and mineral waters.

Candy (except soft-boiled).

Ice cream.

Potatoes, table wines, fruits and vegetables, as well as products made from them, including canned goods and food concentrates (except for children and dietary purposes).\*

Wild-growing fruits, berries, nuts, mushrooms, and products made from them.

Mustard, horseradish, honey, essential oils, mayonnaise.

Beef tenderloin, veal, tongue, lamb, suckling pig, rabbit meat.

Fresh fish.

Wild game and fowl, including their meat and other products derived from them; soup bones, bouillon broth, and jellied fish or meat; subproducts of Category 1 and 2.

Tea; condiments, and products made from them.

Quail eggs.

Groats with enhanced food value.

All kinds of food by-products.

Starch.

**In addition, exclusively imported goods, including:**

Confectionery products.

Beer.

Tobacco products.

Gin, whiskey, cognac.

\* If necessary, the executive committees of Kiev, Sevastopol, and oblast soviets are to set price limits for products, based on the availability of funds in the budget to compensate for differences in prices for their purchase and sale.

#### **Decree on Protection of the Populace**

914A0656B Kiev PRAVDA UKRAINY in Russian  
2 Apr 91 p 2,3

[Decree of the UkSSR Council of Ministers on Social Protection for the People of the Republic in Connection With the Reform of Retail Prices, No. 72, issued 28 March 1991]

[Text] In connection with the reform of retail prices and to assure the social protection of the people of the republic, the Council of Ministers resolves:

1. To approve the appended list of foodstuffs, nonfoodstuffs, and services for which compensation will be paid in connection with the rise in state retail prices (see Appendix 1).

2. To provide compensation to the people of the republic for supplementary expenses incurred in connection with changes in state retail prices according to the following basic guidelines:

- Full compensation for increased prices of basic foodstuffs, underwear, mass-produced fabrics, clothing, footwear, furniture and building materials, articles of personal hygiene, tobacco products, wallpaper, kitchen utensils, chemical products in daily use, as well as certain other goods, and passenger transport.
- Full compensation for increased prices of goods in stock for children for the purpose of providing adequately for families with under-age children.
- Full compensation for supplementary expenses incurred by the people in sales taxes in connection with the rise in prices and rates.
- Establishment of varying scales of compensatory payments for different social-demographic segments, chargeable to the budget and other sources, with material support given on a priority basis to socially vulnerable segments, including particularly children, teachers of youth, disabled persons, pensioners, young people, and families with single spouses or with many offspring.
- Increases in wages (payments for labor) to workers together with one-time reductions of taxes on profits for enterprises (kolkhozes) and on personal incomes of citizens.
- Reserving part of the assets received from increased prices and service rates for supplemental increases in the wages of workers engaged in the fields of education, public health, the provision of social services, and the maintenance of cultural and archival institutions.
- Increasing existing and creating new student grants for young people engaged in study.
- Increasing the amount of monetary and material rewards, food allowances, and other perquisites for the staffs of internal affairs organs.
- Increasing the amounts of all types of pensions, subsidies, and other forms of social assistance, while extending the range of programs for persons enjoying the material support by the state.
- Full compensation for increased expenditures for social services to the people in hospitals, schools, institutional boarding schools, homes for the elderly and disabled, pre-school facilities, and other institutions in the social sector.
- Supplementary financial compensation for inadequately provided-for segments of the population in various forms of social assistance, particularly material assistance provided by local organizations.

It is established in principle that amounts of compensation will be determined on the basis of actual consumption by the people of the republic of goods and services provided from state resources in 1990.

It is further established that initial compensatory payments to students, pensioners, children, and other persons receiving social subsidies and pensions are to be made prior to the introduction of new prices for consumer goods and services.

#### **Procedures for Increasing Incomes of the People and Minimum Amounts Guaranteed**

##### **To Working Citizens**

3. State enterprises, organizations, and institutions are to undertake a review of wage rates and post salaries approved by decisions of the USSR and UkSSR governments or other agencies in accordance with their mandate with a view to compensating workers for the increase in prices of goods and services needed on a daily basis.

Wages and salaries are to be raised on a scale and in amounts set by administrative enterprises with the approval of the union committees, and with due regard for the basic compensation guidelines as set forth in Section 2 of this decree, but no less than 65 rubles per month.

To provide preliminary compensation in connection with the raising of prices, if necessary, initial payments are to be made in the form of supplemental increases according to a separate list of specific amounts to be included in wages and salaries.

Collective and cooperative bodies and public organizations responsible for altering state wages and salaries are advised to raise labor pay to the workers with due consideration give to the guidelines set forth in this decree for state enterprises and organizations.

4. Prior to passage by the UkSSR Supreme Soviet of legislation authorizing the establishment of new minimum wage levels, the reforming of labor pay, and the conclusion of new wage agreements for 1992 between enterprise managers and the unions (or some other legally empowered labor organization), the wages and salaries approved by the governments of the USSR and the UkSSR or other authorized bodies, together with the supplemental increase of 65 rubles per month in accordance with Section 3 of this decree, shall be recognized as the minimum levels of labor payments guaranteed by the state for groups specifically designated as professionally qualified in accordance with the duration of work time and work requirements (labor norms) prescribed by labor legislation.

5. After wages and salaries have been increased in accordance with Section 3 of this decree, enterprises shall undertake independently to raise wages and salaries, while in doing so preserving the present status quo among the various categories of personnel; they shall also determine the types and amounts of raises, bonuses, and other forms of incentive pay, including one-time awards for service seniority, while conserving funds allocated to the enterprises for these purposes.

The specific amounts of wages and salaries, as of supplementary payments and bonuses for deserving and professionally qualified groups of workers, are to be established for the enterprises under conditions stipulated in collective (wage settlement) agreements.

These entitlements should be provided through, and within the limits of, resources allocated for labor payments under the terms of existing legislation. At the same time, the base fund for labor payments in making distributions for 1991 is to be increased by the total amount of the minimum increase in wages and salaries in accordance with Section 3 of this decree.

Enterprises, organizations, and institutions financed by the budget are to provide these entitlements within the limits of resources allocated for these purposes with due allowance being made for the increase in wages and salaries called for under Section 3 of this decree.

6. The applicability of Sections 3, 4, and 5 of this decree shall be extended to workers engaged in labor for hire with enterprises, organizations, and institutions representing all forms of property ownership.

7. To increase the social protection of workers in fields of education, public health, social services, and cultural and archival institutions, while eliminating inequities that have developed in their pay scales, by allocating, in addition to funds provided for in the law: "On the UkSSR Budget for 1991," a part of the funds derived from increasing prices will be used to increase the pay of workers in leading professions of these fields with the goal of making the pay of these workers (as called for under Section 3 of this decree) approximately commensurate with wage levels of workers in fields of industry.

In addition to existing wages and salaries, preliminary compensation in connection with the increase in prices is to be distributed to workers in these fields (on a scale commensurate with the pay of workers in other fields) in special supplementary payments of R65 per month in accordance with a separate list.

##### **To Families With Children**

8. For the purpose of maintaining the standard of living of families with children, the present amounts of social benefits for such families are to be increased, and there will also be special compensatory payments for children under the age of 16 years who have not received subsidies previously and for students under the age of 18 years who previously have not received subsidies.

9. It is considered expedient to retain the existing procedure for calculating the amounts of social payments as a percentage of the amount set as the minimum wage payment. Until new minimum wage levels are approved, the minimum amounts of benefits currently guaranteed by the state for families with children are as follows:

- (a) A one-time grant at the birth of each child of R250.
- (b) A grant of R115 per month for:

- military servicemen during the period of their enlistment;
- children under the care of a guardian;
- children of single parents (widows, widowers) from a number of orphan asylums (institutional boarding houses);
- children under 16 with AIDS or infected with the AIDS virus.

(c) A one-time grant of R95 for:

- single mothers with children in age-group six-16 (and in the case of students without student grants, children under 18);
- children from six to 18 whose parents evade payments for their maintenance, or in other instances provided for by law when recovery of maintenance costs is impossible.

(d) A grant of R85 per month for:

- child care for children until they reach the age of two years, payable to nonworking mothers and working mothers who have not completed one full year of work—upon the birth of two or more children, the grant to be paid for each child;
- children from two to six, while at the same time doubling the range of total income for family members by entitling them to grants amounting to four times the minimum work wage;
- single mothers with children under six;
- children under six whose parents evade payments for maintenance or in other instances provided for by law when recovery of maintenance costs is impossible.

(e) A grant of R65 per month for each child under 12 in families with average aggregate incomes of less than R100 per month for each family member, with due allowance made for compensatory payments provided under the terms of this decree.

10. Monthly payments of R45 are to be paid for children under 16 who are not receiving grants or pensions under the existing system of social security (and for students under 19 who are not receiving student grants).

11. Compensation payments to families with children under age in connection with price increases for children's goods are to be made in the following amounts, reckoned on an annual basis:

- R200 for children under six;
- R240 for children from six to 13;
- R280 for children from 13 to 18.

It is recommended that these payments be made in equal quarterly installments.

12. Compensation payments provided for under Sections 9, 10, and 11 are to be made at the mother's primary place of work, and in the event that she does not work at primary place of work of the father or of the surrogate parent. In other cases, compensation payments are to be made to social security agencies located at the place of residence of the child's parents or surrogate parents.

Payments provided for under Sections 10 and 11 of this decree are to be made only to parents with children whose aggregate income per family member does not exceed four times the amount of the minimum wage.

Beneficiaries of these grants and compensatory payments are entitled to them only once.

### To Young People Engaged in Study

13. In compensation for the increase in prices, the amount of grants to students attending higher educational institutions (VUZ's), special secondary educational institutions, and vocational training institutions are to be increased, while maintaining lump-sum amounts of additional payments for successful achievement in studies as stipulated in the decree of the UkSSR Council of Ministers No. 229 dated 23 August 1990.

Grants to students in VUZ's are as follows:

- R125 per month to students in good standing, including those having only marks of Good; R140 per month to those with only marks of Good and Excellent; and R155 per month to those with only marks of Excellent.
- R165 per month to students who are orphaned or left unsupported by parents, including those having only marks of Good; R190 to those with only marks of Good and Excellent; and R215 to those with only marks of Excellent.
- R105 per month to students who are orphaned and partially supported by the state, including those having only marks of Good; R120 per month to those with only marks of Good and Excellent; and R135 to those with only marks of Excellent.
- R55 per month to students who are fully supported by the state, including those with only marks of Good; R70 per month to those with only marks of Good and Excellent; and R85 to those with only marks of Excellent.
- R185 per month to students who were former military servicemen and became disabled as a result of service-incurred wounds, concussions, mutilation or illness while in the performance of their internationalist duty, including those with only marks of Good; R200 per month to those with only marks of Good and Excellent; and R215 per month to those with only marks of Excellent.

- R85 per month to persons enrolled in training divisions.

Additional amounts are to be awarded to recipients of student grants who are undergoing military training in VUZ [higher educational institution] Reserve Officer Training programs, as stipulated in the joint decree of the USSR Council of Ministers, the All-Union Council of Trade Unions, and the All-Union Komsomol, No. 330, dated 7 April 1990.

Grants to persons enrolled in special secondary educational institutions are as follows:

- R105 per month to those in good standing, including those with only marks of Good; R115 to those with marks of Good and Excellent; and R130 to those with only marks of Excellent.
- R165 per month to those who are orphans or left without parental care, including those with only marks of Good; R190 to those with only marks of Good and Excellent; and R215 to those with only marks of Excellent.
- R85 per month to those who are orphans or those left without parental care who receive state support, including those with only marks of Good; R95 per month to those with only marks of Good and Excellent; and R110 per month to those with only marks of Excellent.
- R45 per month to those who are fully supported by the state, including those with only marks of Good; R55 per month to those with only marks of Good and Excellent; and R70 per month to those with only marks of Excellent.
- R185 per month to those who are former servicemen and who became disabled because of wounds, concussions, mutilation, or illness while in the performance of their internationalist duty, including those with only marks of Good; R200 to those with only marks of Good and Excellent; and R215 to those with only marks of Excellent.

Grants to students in vocational training institutions are as follows:

- R85 per month to persons enrolled and in good standing in all types of vocational training institutions (except those providing training in agriculture, water supply system construction, and forestry), the instruction period of which is no more than 10 months, including those persons with only marks of Good; R95 per month to those with only marks of Good and Excellent; and R105 per month to those with only marks of Excellent. Additionally, R95 per month are allotted to persons enrolled whose fathers died in military service or whose status is similar to that of Groups I and II among disabled veterans of the Great War of the Fatherland, including those with only marks of Good; R105 per month to those with only

marks of Good and Excellent; and R115 per month to those with only marks of Excellent.

- R45 per month to persons in good standing in all types of vocational training institutions, the instruction period of which is no more than 10 months, including those with only marks of Good; R50 per month to those with only marks of Good and Excellent; and R55 to those with only marks of Excellent. Additionally, R55 per month are allotted to persons enrolled with families, including those with only marks of Good; R60 to those with only marks of Good and Excellent; and R65 to those with only marks of Excellent. Moreover, R65 per month are allotted to persons enrolled whose fathers died in military service or whose status is similar to that of Groups I and II of disabled veterans of the Great War of the Fatherland, including those with only marks of Good; R75 per month to those with only marks of Good and Excellent; and R90 per month to those with only marks of Excellent. And R75 per month are allotted to persons enrolled who have families, including those with only marks of Good; R85 per month to those with only marks of Good and Excellent; and R100 per month to those with only marks of Excellent.
- R85 per month to persons enrolled who are orphans or children left without parental care, and who are state-supported, including those with only marks of Good; R95 per month to those with only marks of Good and Excellent; and R110 per month to those with only marks of Excellent.

Current grants for graduate students working for master's or doctor's degrees are to be increased by R65. Young people who are enrolled in programs of study and receive grants the new amounts of which are not specified by this decree shall be paid compensation as follows: R65 per month to those in VUZ's, and R60 per month to those in secondary specialized educational institutions. The UkSSR Ministry of Higher and Secondary Specialized Education and the UkSSR Ministry of Public Education, in joint cooperation with the UkSSR Ministry of Labor and UkSSR Ministry of Finance, within one month shall prepare and present to the UkSSR Council of Ministers proposals regarding the specific amounts of student grants to the young people in this category.

#### **To Pensioners, Disabled Persons, and Members of Families that have Lost Their Financial Provider**

14. In compensation for the increase in prices, the pensions of non-working pensioners for old age, for years of service, for disabilities, and for the loss of a family's financial provider are to be increased. An additional payment of R70 is to be paid to incapacitated family members who are living at the expense of non-working pensioners and who are not receiving compensation for other reasons.

Upon the death of the family provider, the pensions due orphan children are to be increased by twice the amount previously indicated.

Compensation payments in connection with the reform of retail prices to employed pensioners are to be made in accordance with procedures established for workers and office employees.

15. Compensation will be paid for expenses incidental to services on a daily basis, including transport services provided by law for disabled persons, as well as to offset capital repairs of transport services for veterans of war and labor and other categories of citizens.

16. Local soviets of people's deputies are advised to supplement compensatory payments to disadvantaged segments of the population with various kinds of social benefits (including tangible benefits), such as tax concessions; rendering communal and social services; allocating land parcels and garden sheds under preferential conditions; distributing foodstuffs and needed manufactured goods, especially goods for children, disabled persons, pensioners, and other socially vulnerable elements of the population, either free of charge or topartially defray the cost; distributing tokens for the purchase of medicines specially designated items for disabled persons and the elderly; providing special concessions for the use of urban and suburban transport; and other benefits.

#### To the Unemployed

17. Citizens who have lost their jobs and wages (labor income), and who are registered with the the State Employment Service as persons in search of work, in addition to receiving a grant, are to be paid compensation in the amount of R55 per month for the duration of professional training designed to improve their qualifications or to re-train them for a different type of job.

Citizens who are certified as unemployed in accordance with established procedures, in addition to receiving unemployment benefits, are to be paid compensation amounting to R55 per month. The duration of compensation payments is established under the provisions of UkSSR legislation on employment of the population.

#### To Other Categories of Citizens

18. Salaries of staff and rank-and-file members of the organs of internal affairs which are financed out of republic or local budgets are to be increased by R65 per month. Grants to military school students are to be increased by R25 per month, and also their expenditures for food, material support, medical and other services are to be defrayed in amounts sufficient to compensate for the rise in the costs of such services. The UkSSR Ministry of Finance is to determine amounts, conditions, and procedures for increasing allocations for these purposes.

Wage rates and salaries of persons maintained in corrective labor institutions and labor treatment clinics are to be increased by R65 per month. No deductions will be made from the amount of wage increases provided for

these persons in partial compensation for the maintenance expenses of these institutions.

19. The UkSSR Ministry of Finance, acting jointly with the UkSSR Ministry of Labor, shall prepare to submit within two weeks proposals for the establishment of compensatory pay in connection with the growth of retail prices to be added to cash benefits provided for in the UkSSR Law: "On the Status and Social Protection of Citizens Suffering From the Consequences of the Chernobyl Catastrophe."

20. The UkSSR Council of Ministers takes cognizance of the fact that the amounts, conditions, and procedures for providing compensation to military servicemen, including staff officers and enlisted personnel, their wives and children, and to non-working pensioners of the USSR Ministry of Defense, the USSR Ministry of Internal Affairs, and the USSR Committee for State Security (KGB) shall be determined by organs of the Union.

#### Other Means of Compensation

21. The UkSSR Ministry of Finance, in joint cooperation with the UkSSR Ministry of Higher and Secondary Specialized Education, the UkSSR Ministry of Public Education, the UkSSR Ministry of Health, the UkSSR Ministry of Social Security, the UkSSR Ministry of Culture, and other concerned ministries and departments of the UkSSR, shall increase the quotas for expenditures on food and perishable stocked goods, clothing, items in daily or household use, and materials used for instructional purposes in hospitals, polyclinics, preschool facilities for children, schools, homes and boarding schools for children, homes for the elderly and disabled, and other institutions financed by the republic budget or by local budgets. These institutions and organizations shall be financed in a manner that is expeditious and in an amount commensurate with the increased quotas.

22. Acting upon the principle that payments to the people in compensation for the increase in prices are not to be taken out of enterprise profits or taxes on citizen income, the UkSSR Ministry of Finance, in joint association with the UkSSR Ministry of Justice, is to prepare proposals for making changes in the draft legislation on taxation, having in mind the dual objective of raising up to R165 the amount of monthly take-home pay and other sources of citizen income, which are not subject to taxation, while lowering tax rates on citizen incomes that exceed R165 per month. At the same time, a progressive scale of taxation above 13 percent will be used to tax incomes of more than R1,000, instead of the earlier established R700. Moreover, tax rates on the profits of enterprises and organizations up to 35 percent are to be lowered, while the level of allowable increases in the average monthly wages of workers engaged in work related to basic production costs is to be raised to R480.

23. In view of the importance of establishing additional social safeguards to protect the people's standard of

living in connection with the liberalization of retail prices, the UkSSR Ministry of Labor, the UkSSR Ministry of Finance, and the UkSSR State Committee for Statistics are to prepare and to present within a month to the UkSSR Council of Ministers draft legislation on indexing personal income and on a minimum consumption budget.

24. While measures are being taken to make compensatory payments to the people, the executive committees of local soviets of people's deputies will be responsible for scrupulous implementation of the guidelines for carrying out the reform of retail prices and for assuring the social protection of the people by promptly acting to prevent possible abuses.

25. Workers in banks, communications enterprises, and social security agencies, who are directly engaged in the work of accounting and making disbursements to compensate for the reform in prices, shall be paid for any overtime work or work on their days off in accordance with Articles 106 and 107 of the UkSSR Code of Labor Laws.

26. In cases where it may be necessary to clarify the provisions of this decree, the UkSSR Ministry of Labor and the UkSSR Ministry of Finance shall jointly bear responsibility for elucidation.

[signed] *V. Fokin, chairman of the UkSSR Council of Ministers, and V. Pekhota, executive director of the UkSSR Council of Ministers*

#### Appendix 1

#### List of Foodstuffs, Nonfoodstuffs, and Services for Which People Will Be Compensated To Offset the Rise in State Retail Prices

##### Foodstuffs

Meat and meat products  
Milk and milk products  
Bread and bread products  
Flour  
Groats  
Macaroni  
Eggs and egg products  
Sugar  
Fish (except delicatessen foods)  
Vegetable oil  
Margarine  
Tea  
Salt  
Foods for infants

##### Nonfoodstuffs

Mass-produced textiles, clothing, footwear, and underwear

Personal hygiene articles (soap, toothpaste, tooth powder, eau-de-Cologne)

Mass-produced building materials and furniture

Kitchenware and wallpaper

Household chemical products

Tobacco products of domestic origin

##### Children's Goods

#### Rates for Transport of Passengers and Baggage

Railroad transport

Air transport

Sea transport

Urban transport (except by taxi)

Motor vehicle transport

River transport

#### Decree on Compensatory Payments

914A0656C Kiev PRAVDA UKRAINY in Russian  
2 Apr 91 p 3

[Decree of the UkSSR Council of Ministers on Ways To Compensate the People of the Republic in Connection With the Reform of Retail Prices, No. 73, issued 28 March 1991]

[Text] The Council of Ministers of the Ukrainian SSR resolves:

1. That compensatory payments be made to the people of the republic pursuant to UkSSR Council of Ministers Decree No. 72, issued 28 March 1991, "On Social Protection for the People of the Republic in Connection With the Reform of Retail Prices," as follows:

(a) To workers and office personnel, kolkhoz members, and others employed in collective or cooperative enterprises or public organizations, including foreign citizens working on a loan basis with enterprises, organizations, and institutions of all types of ownership—the funds to be obtained from outlays allocated for production.

(b) To workers in social and cultural institutions funded by cost-accounting enterprises and students receiving grants from enterprises—the funds to be obtained from the assets of the enterprises themselves and not to be taken from outlays allocated to meet production costs.

(c) To citizens working for budgeted institutions and organizations or studying in educational institutions

financed by republic or local budgets—the funds to be obtained from budget allocations.

(d) To families with children:

—monthly benefits for the care of children under two years, for children from two to six, for children of military service personnel on active duty, and for children under 16 with AIDS or infected with the AIDS virus—the funds to be obtained from the proceeds of the USSR Pension Fund;

—one-time benefits upon the birth of each child—the funds to be obtained from the UkSSR Social Insurance Fund;

—monthly benefits to single parents (widows, widowers) of children previously in orphan asylums (institutional boarding schools), to mothers of children under six years, and to mothers of children from six to 16 (and of children under 18 who are not receiving student grants); monthly payments for children under 16 who are not receiving assistance or pensions under the present system of social security (and for those under 18 who are not receiving student grants); and payments to families with children under age in connection with the increased cost of children's goods—the funds to be obtained from the republic budget;

—monthly benefits for children under guardianship and for children under 6 years whose parents are evading payment of maintenance costs—the funds to be obtained from local budgets;

(e) To nonworking recipients of pensions for age, years of service, disabilities, or in connection with the loss of the family provider, the payment of social pensions, as well as additional payments due to inability to work for a family member living at the expense of nonworking pensioners and not receiving compensation for other reasons—the funds to be obtained from the assets of the USSR Pension Fund.

(f) To citizens who have lost their jobs and wages, who are registered at the State Employment Service as persons who are looking for work, and who have been certified as jobless in accordance with established procedures—the funds to be obtained from the State Fund to Promote Employment.

2. To secure additional funding with which to provide compensation in connection with the reform of retail prices, A Social Protection Fund is to be established in the UkSSR budget for 1991. The UkSSR Ministry of Finance will have discretionary control over this fund.

The Social Protection Fund is to receive a part of the funds derived from increasing retail prices while simultaneously reducing budgeted subsidies to offset the difference in prices for certain kinds of products. It will also receive a part of the proceeds from sales taxes accumulating in the republic non-budget Fund to Stabilize the Economy, and additional proceeds from turnover and

profits taxes incidental to the introduction of fixed regulated prices and contract (free) prices.

3. The UkSSR Ministry of Finance, the UkSSR State Committee on the Economy, the UkSSR Ministry of Labor, and the Committee on Prices of the UkSSR Council of Ministers is within two weeks to work out and establish a procedure for the formation and use of assets in the Social Protection Fund.

4. The UkSSR Ministry of Finance is to determine the amount of the funds subject to transfer from the Social Protection Fund to UkSSR ministries and departments, to the Crimean ASSR Council of Ministers, and to the executive committees of the Kiev, Sevastopol, and oblast soviets in compensation for additional expenses in connection with the rise in retail prices, the social protection of the people of the republic, and the increase in the wages of workers within the leading professions of public education, public health, social security, cultural, and archival institutions.

5. The UkSSR Ministry of Finance, acting jointly with UkSSR State Committee on the Economy and UkSSR Agro-Industrial Committee, is to determine the amount of allocations subject to transfer from local budgets to the republic budget in connection with reducing budget subsidies to offset the difference in prices for foodstuffs and related services and the establishment of the Social Protection Fund. The amount that is subject to transfer will be based on standard estimates of total deductions from income and taxes accruing locally in the budgets of Kiev, Sevastopol, and republic oblasts.

6. The UkSSR Ministry of Finance and the UkSSR Ministry of Social Security within two weeks are to establish a procedure for and amounts of compensation to be obtained from funds available in both the republic budget and local budget outlays to pay for preferential treatment with respect to daily social needs, including major repairs of transport facilities as established by law for veterans of war and labor and other categories of citizens, together with the accounting procedure in this connection to be followed by the institutions and organizations concerned.

7. The State Tax Inspectorate of the UkSSR Ministry of Finance is to monitor funds accruing in the Social Protection Fund, as determined in Section 2 of this decree.

8. The USSR Ministry of Finance is to present to the UkSSR Council of Ministers its proposals for specifying in additional detail the income and expenditures of the republic budget for 1991 and for making appropriate alterations or additions to the UkSSR law: "On the Budget of the UkSSR for 1991."

The USSR Ministry of Finance is further responsible for reconciling any disparities between the republic budget and the local budgets of Kiev, Sevastopol, and republic oblasts.

[signed] *V. Fokin, chairman of the UkSSR Council of Ministers, and V. Pekhota, executive director of the UkSSR Council of Ministers*

### **Tajik Decrees Connected With Price Reform Adopted**

914A0681B Moscow IZVESTIYA in Russian 25 Apr 91, Union Edition, p 2

[Article by Aleksandr Karpov: "For Social Protection"]

[Text] **Tajikistan's Cabinet of Ministers has adopted a package of decrees because of the increase in retail prices.**

They are all aimed at strengthening the social protection of strata of the republic's population that are less well provided for. Day-division students of vuzes and tekhnikums will receive an additional increase of 30 rubles in monthly stipends. The government has allocated R15.5 million from the state budget to pay for this compensation.

The Union decree on social-protection measures did not consider the interests of nonworking mothers who have five or more minor children. The republic government has allocated them R54 million for additional compensation for each child. Moreover, the new retail prices have been reduced by 50-70 percent for the school uniform. In order to stimulate an increase in the production of the product mix for children, enterprises and organizations of all forms of ownership are freed from the tax on profit.

Tajikistan was the last in the country to introduce the five-percent sales tax and was one of the first to repeal it for certain types of foodstuffs and children's goods. The list of socially important commodities from which this tax was lifted was expanded considerably by the new decree.

### **RSFSR Resolution Amending Decree on Child Benefit Eligibility Income Limit**

914A0681A Moscow PRAVDA in Russian 3 Apr 91 Second Edition p 3

[RSFSR Council of Ministers Resolution: "Partial Change of RSFSR Council of Ministers Decree of 20 March 1991, No 162, 'Reform of Retail Prices and Social Protection for the RSFSR Population'"]

[Text] For purposes of strengthening social protection for families with children while retail prices are being liberalized, the RSFSR Council of ministers decrees:

1. Rescind the limits on the amount of combined income per family member when benefits are established for children from one and one-half years to six years of age, the amount of compensation payments to families of minor children because of the higher prices of commodities of the children's product mix, and also the amount of monthly payments for children who do not receive pensions and benefits under the existing system of social

security that were stipulated by articles 31 and 34 of the RSFSR Council of Ministers Decree of 20 March 1991, No. 162, "Reform of Retail Prices and Social Protection for the RSFSR Population."

2. Establish a one-time benefit of 350 rubles for the birth of a child.

[signed] *Chairman of the RSFSR Council of Ministers I. Silayev*

### **Belorussian Finance Minister on 1989, 1991 Budgets**

914A0681C Minsk SOVETSKAYA BELORUSSIYA in Russian 23 Dec 90 p 3

[Report of S. P. Yanchuk, Belorussian SSR Ministry of Finance: "The BSSR State Budget for 1991 and Execution of the BSSR State Budget for 1989"]

[Text] The republic's government presents the draft of the Belorussian budget for 1991 for the deputies' review. It was formulated in the era of establishment of the republic's state, so for the first time the amounts of income acquired and the areas of use of funds were not coordinated with Union organs. At the same time, it was considered that the republic exists within the framework of the country's single financial and monetary system. Also considered was the experience in realizing the principles of financial independence that was built up during conversion of the republic to regional self-government and self-financing.

It is expected that the budget will be met by 102.9 percent as to income and 101.4 percent as to expenditures. Overfulfillment of the income part is being provided through all basic income sources.

Having financed the measures for the republic's economic and social development that were called for in the plan and budget for 1990, we nonetheless have not been able to obtain funds for realizing the decisions adopted by the BSSR Supreme Soviet and the republic's government: to write off the indebtedness of kolkhozes and sovkhozes for bank loans—1.4 billion rubles; and to introduce ahead of time, beginning on 1 October of this year, new procurement prices for cattle and poultry—R0.7 billion. Thus the republic's internal debt, for whose existence we are asking approval, will be R2.1 billion.

I emphasize that the budget was reduced at first, with a deficit of R10 billion, so several variants of it were studied. This was caused by the fact that the Union government adopted decisions about financing substantial expenditures where the budget lacked realistic sources. Beginning next year a substantial portion of these expenditures—for payment for the difference in prices for grain, sugar beets, raw materials for light industry, and so on—will fall on Union-republic budgets. The introduction of new procurement prices for meat, milk, and other types of agricultural output without change of retail prices has caused an increase in

expenditures for paying subsidies. And the introduction of new wholesale prices and rates for industry, which were stimulated by a disproportionate increase in prices for raw material and finished output, as well as an increase in rates for social insurance, have affected adversely the balance of the republic's financial resources.

Therefore, the necessity for balancing income and expenditures of the budget to the maximum required the adoption of extraordinary measures. The draft that is presented, in the opinion of the republic's government, is the most acceptable one. But it has not been possible to eliminate the deficit completely, even in this draft—it is assessed at R3.5 billion.

The budget, which was formulated during the transition to market relationships, considers the proposals of ministries, agencies, the oblast ispolkoms, and the Minsk City ispolkom. The Standing Commission of the Supreme Soviet extended great help in preparation of the draft. All the computations for the new wholesale and procurement prices, existing retail prices, and those intended for the introduction of free prices for various commodities and services have been performed. Drafts of the republic's laws about taxation and price-setting, as well as existing standards enactments, were used. Some indicators for profit, payments into the budget, and the turnover tax are of a prognostic nature and will be refined as appropriate republic laws are adopted. The principle of full entry into the republic's budget of all payments, except for the tax on profit, was incorporated in the forming of the income portion. It is proposed to implement mutual relations with the Union budget by transmitting 22 percent of the tax on the profits of enterprises of Union and republic subordination. This amount is R1.7 billion.

About the income for the BSSR State Budget for 1991. It has been determined to be R16.950 billion. The greatest share of the budget's income, as before, comes from the turnover tax. It is planned that R7.948 billion will be received, an increase of R2.154 billion over the current year. The increase in the turnover tax received is occasioned by two factors: an increase in the production of consumer items (R442 million) and the contemplated introduction of free prices for a number of commodities (R2.837 billion). It is planned to put all additional turnover tax receipts into the republic's budget.

A priority concern of the state is that of delivering to the republic's market foodstuffs and commodities that are in large-scale demand. For this purpose, the arsenal of economic stimuli is being expanded: tangible taxation benefits will be granted to enterprises that increase commodity output; and penalties will be introduced for deviation from the state order and underfulfillment of contractual obligations. The new tax policy calls for a unified approach to all economic operating entities, regardless of the form of ownership, and it guarantees a wide spectrum of benefits for priority assignments and production.

These concern profit aimed at expanding the production of consumer commodities, scientific research, nature conservation, and charitable measures, the construction of facilities in the countryside, and elimination of the consequences of the Chernobyl catastrophe. The new tax policy requires a restructuring of the work of financial and credit organs, especially of tax inspections. Not only fiscal functions but also the skillful use of privileges, the stimulation of business activity, and healthy competition and entrepreneurship—these are the tasks.

The budget's receipt of income tax from the public will be determined by two factors. A rise in the minimum amount not subject to the tax and a reduction of the tax rate for those whose pay is less than R150 will cut receipts by R80 million—the income of low-pay categories in the population will be increased by this amount. On the other hand, the plan calls for an increase in wage funds and a progressive scale of taxation for high incomes will increase income-tax receipts as a whole. Its size next year is to be R1.490 billion.

In connection with creation of the new system of taxation, some sources are abolished: the tax on income from film showings and the tax on enterprises and organizations which own transportation resources; and deductions from the sale of articles at contract prices and of commodities of increased quality—in accordance with the increase. Because of this, the budget will lose more than R200 million.

In accordance with the Order of the USSR President, the amount of deductions for state social insurance in 1991 will be 26 percent instead of the 37 percent which was adopted by the Union government and was counted in the new wholesale prices and schedules. It is proposed that the difference of R1.525 billion be sent to the republic budget's income. This temporary measure will not abridge the interests of the enterprises but will enable the use of funds for social measures.

The program for conversion of the Belorussian SSR to market relationships calls for the denationalization and privatization of property. According to forecasts, receipts in the amount of R650 million are expected for the budget next year from the sale of housing and the conversion of state enterprises into joint-stock entities.

It is obvious that the proposed approaches to the formation of state-budget income will stimulate an ambiguous evaluation. However, the exceptional nature of the situation requires extraordinary measures whose realization depends upon the level of expenditures planned for social protection of the public.

BSSR state budget expenditures for 1991 will be R20.497 billion. The main share, about 80 percent, will be taken up in payments for the difference in prices for agricultural and other output and for social and cultural measures. The total of budget appropriations for these purposes will be R15.685 billion.

It is planned that more than R9 billion will be spent for paying the difference in prices for the basic types of foodstuffs. With the rise in retail prices for various types of commodities, these funds will be directed to compensation for the population's losses.

It is planned to direct about R1.4 billion rubles to the APK's [agroindustrial complex's] social and economic programs, upon whose realization the state of affairs at the consumers' market depends. These funds will provide completely for financing the planned amounts of centralized capital investment, expenditures for upkeep of the veterinary network, the liming of acidic soils, and other operating expenditures. Just like before, R80 million are earmarked specifically for building roads within farms.

Reclamation will be performed basically with our own funds. Budget appropriations of R50 million are allocated just for assimilating new lands, to replace lands in the area of radioactive pollution that were abandoned (these are above the appropriations for the Chernobyl program). Beginning with 1991 a special fund is being formed which will direct about R300 million from the republic's budget. The funds will be used for building housing, roads, cultural and personal-services and other facilities for social purposes, and processing enterprises and storage facilities, and on the upkeep of peasant (farmer) farms.

A basic, radical reform of financial relations for the APK is the conversion from direct multiple-channel financing of the agrarian sector to the forming of the sector's income through the price-setting mechanism. New procurement prices for agricultural products, along with the factors that make them more expensive, include previously allocated funds budgeted for planned expenditures of R1.5 billion for agricultural enterprises.

These measures will provide for profitability at the 35-40 percent level and will, basically, permit reproduction to be expanded on the basis of self-reimbursement and self-financing. The budget allocates R584 million for the financial support of kolkhozes and sovkhoses that are located in areas with especially difficult natural and climatic conditions. The funds will go into temporary markups to procurement prices for 1991. The mechanism for redistributing differential rent, which will be R400-500 million, will be used for these same purposes.

The agroindustrial complex is given priority not only with budget appropriations but also by the taxation mechanism. A taxation rate of 25 percent is to be established for 1991 for a number of branches engaged in the processing of agricultural output. The tax on profit of kolkhozes and sovkhoses is counted in the unchanged minimal amount—2.5 percent. For expanded reproduction, the republic's agricultural enterprises nowadays will also have at their disposal their own funds, more than R2 billion. Such a great potential is to be brought into operation, and the return from funds invested is to increase.

The draft budget proposes to restructure considerably budget policy on material production. The granting of greater independence to clients in implementing investment policy has not been eliminated, unfortunately, and negative phenomena in this sphere and the dispersion of capital investment have continued. In 1989 the amount of uncompleted construction increased by R232.4 million worth. And it will increase this year by another R450 million.

In the draft of the 1991 plan, a ceiling of R1.340 billion has been set on centralized capital investment through budget funds, and of R900 million for the social sphere and for housing and municipal construction. In view of the importance of what has been included in the plan for construction projects, these are to be financed through the involvement of 40 percent of the amortization deductions.

A new form of financial support for a number of customers is the creation of earmarked funds. For example, it is proposed that next year the construction, repair, and upkeep of general-purpose highways will be financed through an earmarked road-building fund. It will be formed through profit and other funds that remain at the disposal of enterprises and cooperatives—in the amount of 1 percent of the amount of output and services provided, instead of the current 0.4 percent. For kolkhozes, sovkhoses and other agricultural enterprises, deductions are called for in the former amount—0.4 percent. The total amount of the fund's resources will be more than R840 million, which will meet the requirements of road organizations, taking into account the new prices and the expected increase in the cost of operations.

Restructuring of financial-budget policy that is strictly oriented to reduction of the budget deficit will strengthen the social sphere's priority. The total amount of budget financing for public education and the training of personnel, for science and culture, for public health, for social security, and for physical culture and sports has been set in the amount of R5.539 billion. Unlike in past years, funds for the payment of pensions, which beginning with 1991 will be paid out from a special pension fund, will not be included in the funds for social and cultural measures.

Thus, expenditures for social and cultural measures increased by R2.273 billion, or 69.6 percent. The funds allocated will enable wages for various categories of workers to be raised and the material situation of vuz students, pupils of intermediate special training institutions, and the poorer groups of the population to be improved.

Appropriations for pay for workers in education, culture, public health, social security, and physical culture will be increased by R153 million (12.1 percent). About 390,000 people will receive pay raises. The republic's government also considers it possible that the pay will be increased again next year—for the teaching and administrative

personnel of schools, intermediate special training institutions, and vocational and technical schools—by an average of 50 percent; for physicians and middle-level and junior medical personnel—by 30-35 percent; and for specialists of cultural and educational institutions—by 20 percent. This measure will affect 370,000 people. The earnings of workers of the social sphere will come close to the average wage in the branches of material production.

The role of the budget in improving the situation of families and in protecting the health of mothers and children will be raised. Funds are envisioned for paying monthly benefits of R35 for children 1.5 to six years of age (if aggregate income per family member does not exceed R140 per month), and also for increasing the benefit for single mothers from R20 to R35 rubles. Thus, about 800,000 people will receive raises to their family budget for a total of R342 million. The minimum amount of stipends for all students who are making progress will be increased to R60 and to R45 for pupils of intermediate special training institutions.

The budget for next year calls for appropriations of R978.5 million for strengthening the supply and equipment base of public education, culture, public health, and social security. Expenditures for overhauling buildings and structures and for equipping institutions with technical facilities will rise.

Activity in the social sphere cannot be oriented just to commercial criteria. Therefore, the state is extending support to theatrical and spectator type enterprises, to film and video rental of the BSSR Minkultura [Ministry of Culture] system and to radio and television. Funds are incorporated in the budget for implementation of the Law on Languages in the Belorussian SSR, and assistance is being singled out for some of the republic's Belorussian-language magazines and newspapers.

Additional appropriations for the upkeep of prices for certain literature that is accessible to a broad range of readers and for the restoration of historical and cultural monuments are called for.

Many more funds are being directed toward scientific research, physical culture and athletics. Social appropriations are being aimed at the upkeep of boarding homes and dormitories for the handicapped and the aged, at the extension of assistance in the home and for prostheses, at the payment of benefits for children of poor families, and at certain other measures. Taking all sources of financing into account, the share of expenditures on public health, public education, and culture in the national income produced in 1991 will be 5.55, 8.56 and 1.62, respectively.

In entering into market relationships, we should augment the traditional sources of financing for the social sphere with new sources. The republic's government proposes to establish a fund for financing republican and regional programs. Its size is R1.1 billion, and the source

for forming it is 40 percent of the amortization deductions from all enterprises and organizations that are located on the republic's land (except for kolkhozes, sovkhoses and domestic-services enterprises).

A peculiarity of next year is the new principle for forming expenditures on social insurance and social security. Previously, subsidies were allocated from the budget for this purpose. Beginning in 1991 the Pension Fund and the Social Insurance Fund that have been formed will operate on self-financing principles, and they will be formed mainly through the insurance contributions of enterprises, institutions, organizations, and, partially, the citizenry (in the amount of one percent of their wages).

Conversion to the market puts on the agenda the problem of the degree of social protection of people. In considering the planned level for raising prices for commodities that make up the "consumer basket", the budget draft reserves R500 million for paying compensation to the population. An economic stabilization fund should be created specially to weaken the adverse consequences of the transition period. Its funds will be directed toward the upkeep of enterprises that produce output extremely necessary to the republic but that have turned out to be in a complicated financial position, and toward other purposes.

The denationalization of property and the decentralization of planning and supply will stimulate the appearance of such new institutions as stock and commodity exchanges, commercial banks, numerous brokers' offices, and companies. It will be necessary from the very start to monitor their financial activity in order to avoid distortions similar to those which exist in the cooperative movement.

The share of expenditures on upkeep of organs of state authority and control remained, in total amount, at the current year's level and will be 0.9 percent—R194 million. Appropriations for upkeep of the central staffs of ministries and agencies and sections and administrations of the ispolkoms of local soviets of people's deputies, which were supported this year through numerous subordinate enterprises and organizations, are not envisioned. This procedure is preserved also next year, but on a contract basis. As market relationships develop, a portion of the functions of control will disappear and the opportunity for cutting expenditures on the maintenance of staffs will appear. Obviously, administrative expenditures must be cut also at enterprises. Indeed the main part of them there is about R1.800 billion rubles.

Budget appropriations for the maintenance of law-enforcement organs and courts are planned in the amount of R183 million. This is R174 million more than this year, which is explained by the transfer of the financing of many subunits of internal-affairs organs from the Union to the republic budget. Financing of the most important programs for developing the economy

and the social sphere, as well as the forming of earmarked funds, are left to the republic's budget. The difference in prices for grain, bread, sugar, and various types of consumer commodities are subsidized through it. The amount of the republic's budget is set at R6.900 billion in terms of income, R8.535 billion in terms of expenditures. The excess of expenditures over income will be R1.633 billion.

The expenditures portion of local budgets will be characterized next year by a reduction of expenditures for building facilities for production purpose, with a simultaneous substantial increase in expenditures for the social and municipal spheres. Problems of forming them were discussed repeatedly with oblast ispolkoms and the Minsk city ispolkom, and we considered the proposals they advanced, although a full mutual understanding, it must be admitted, could not be reached. Based upon the standards called for, the estimated amounts for local budgets were set at R10.0 billion in terms of income, R11.9 billions in terms of expenditures. The deficit will be R1.9 billion. But in distributing the total amount of the deficit between republic and local budgets, the latter proved to be in a better position, considering their sizes.

Local soviets are to make up budgets independently and determine income and the specific areas of their use, observing budgetary legislation strictly.

A subject of special attention was financial support of the program for eliminating the consequences of the Chernobyl catastrophe. Next year R5.6 billion will be required for this. Union organs, according to preliminary data, will allocate R3.9 billion, but the republic is

striving to get more. For financing measures additionally adopted by the Belorussian parliament, substantial resources will be required for moving up the dates for resettling residents from the contaminated regions. Therefore it is proposed to introduce in 1991 an extraordinary tax in the amount of five percent of the profit of all enterprises that are located in Belorussia. This amount, which will have a strictly earmarked purpose, is evaluated at about R643 million. All these funds are subject to preferential taxation.

The BSSR Council of Ministers submits for examination and approval of the people's deputies a report of the execution of the BSSR State Budget for 1989. In terms of expenditures it was fulfilled in the amount of R11.968 billion (99.4 percent), and in terms of income—in the amount of R12.739 billion (105.4 percent of the refined plan).

Union organs have prepared a draft of an agreement on stabilizing the country's social and economic situation in 1991. Evaluating positively the center's striving to halt the deepening of the economic crisis with the coordinated actions of all the Union republics, we cannot concur with some of the approaches proposed in this document. A miscalculation of measures in the area of finances and the budget testify to their unacceptability for Belorussia, for it will increase the republic's budget deficit 2.5-fold. Therefore, the government proposes to discuss and approve the BSSR State Budget for 1991 prior to the start of the new year. Full definitiveness is needed. After approving the budget, as a sovereign republic, we shall have a legislative basis to uphold our position.

## AGRO-ECONOMICS, POLICY, ORGANIZATION

### Starodubtsev on Agrarian Reform, Impact on Peasants

914B0143A Moscow ZEMLYA I LYUDI in Russian  
No 3, 18 Jan 91 pp 1-2

[Interview with Vasilii Starodubtsev, Chairman of the USSR Peasants' Union by L. Savchenko: "We Recognize Only Parliamentary Forms of Struggle"]

[Text] The political temperature within our society in the course of the past year has known practically no moderation. The numerous declarations, ultimatums, strikes, hunger strikes and finally open confrontation on numerous occasions has raised it to a critical level. More than once the fuel that fanned parliamentary passions was the discussion of various aspects of agrarian reform.

It is characteristic that agricultural workers themselves did not provoke this. Working at an uninterrupted, intensive pace, they did not make any attempt to put open pressure on the parliamentarians or to utilize the organs to speed solutions to the problems that have accumulated for them.

Yet they did not remain non-participants. The USSR Peasants' Union, with the protection of the interests of those who supply the country with its daily bread as its main and only goal, was created in reaction to the developing political struggle concerning ways to transform the village.

A little over six months have passed since the union's creation. During these months, which of the programs indicated by the founding congress has the union been able to implement? To what degree has there been progress on the legal level in solving the problems of agricultural reform and to what degree can this movement forward be considered effective from the point of view of village workers? Our correspondent, L. Savchenko, has asked V. A. Starodubtsev, Chairman of the USSR Peasants' Union, to express his opinions about these issues.

[Savchenko] Vasilii Aleksandrovich, there were different reactions to the very creation of the Peasants' Union. Some public servants and means of mass information immediately questioned the reasons for its creation and even the goals that it established for itself.

[Starodubtsev] We can immediately say precisely that this fire about the Peasants' Union was and is being fanned by those who are calling themselves convinced supporters of democracy. In order to prove themselves right and to focus the attention of the public on themselves they stubbornly attempt to hang the label of arrant conservatism on the union.

I feel that there is more than one reason for this. On a background of the majority of the new social and political organizations the Peasants' Union truly does look unusual.

It happened that here political processes have developed as in a crooked mirror. A great number of parties have already developed—we have anarchists and monarchists and social democrats and liberals of every possible shade. But whom do these new parties represent? Among them I know of not a single one that would express the interests of a specific class or specific social group within Soviet society. However, almost all of them have as their goal achieving power. The Peasants' Union, however, has not established this goal, but it represents the interests of a large class of people who are of enormous importance to the country—the peasants.

The second reason why the Peasants' Union has been criticized by all extremists stems from a firm conviction assimilated during the period of totalitarianism that any politician knows better than a peasant what the latter needs, and this is the basis for the attempt to solve his problems without him. Our union is a serious hindrance to this kind of arbitrariness.

[Savchenko] But it is being blamed precisely for the fact that it is a peasants' union in name only but is actually a union of directors, chairmen and administrative "agro-generals" who have joined together to prevent the mass dissemination of leaseholding and farming and who are strengthening their power and thereby supporting kolkhozes and sovkhozes in their traditional form.

[Starodubtsev] Whom the union actually represents can be seen not in idle thoughts but from its membership. During these few short months that have passed since the founding congress, the collective membership in it has consisted of the majority of labor collectives of kolkhozes, sovkhozes and enterprises and organizations of the country's agroindustrial complex. Finally, almost all leaseholders and farmers have joined our union. I would like to emphasize once again that the Peasants' Union is for equal development of all forms of land management.

It is quite apparent that a free, independent manager would never join an organization that would be indifferent to his interests, and he certainly would not join if it is hostile to him. Leaseholders, farmers and village cooperators in Russia created their own association—AKKOR—long before the appearance of a single peasants' organization. But when the idea of creating a peasants' union arose, members of the association, having become acquainted with its program draft and with the direction of practical activity found it necessary to be among the founders of the union and of its administrative organ—the Central Council.

Attempts are constantly being made to label representatives of the administrative body not only as archconservatives but also as direct enemies of all that is new and progressive in the village. This conforms to the classical

model of contemporary myths, with the help of which enemies of perestroika are imagined in places where they do not and did not exist. For some reason, not one of the myth creators wants to recall now how many kolkhoz and sovkhoz directors were subject to a rapid and unjust trial or punishment during the years of stagnation just because they dared to administer according to the logic of common sense, to openly defend the interests of their labor collectives and to stubbornly counteract command-administrative bureaucratic arbitrariness. There are hundreds and thousands of such people.

Let us look at the current situation, in which the legal prerequisites are just being created for the new forms of management and the economic prerequisites are not even being mentioned yet. Let us ask this question: Would leaseholding, cooperatives and peasant enterprises be able to develop if under these conditions the directors of enterprises also hindered them? Of course not. Yet the new forms of management are being introduced into daily practice by the year and hour. This is occurring primarily as a result of the support and enthusiasm of kolkhoz and sovkhoz directors.

It is true that not all of them are equally receptive to innovation. Among them there are talented people and mediocre people, those who are constantly seeking and those who prefer to wait. But one thing can be said for certain—if somewhere a lease collective has achieved good results, if a farmer can get on his feet rapidly, this means that the director of the local kolkhoz or sovkhoz believes no less in the prospects of the new forms of management than the leaseholder or farmer himself.

Again I wish to emphasize something which many people do not completely understand. The Peasants' Union is not a party, but it expresses the social, economic and political interests of the peasants. A member of our union can belong to any party.

[Savchenko] The emancipation of the peasant's business initiative is evidently impossible without a radical restructuring of the administrative system of agricultural production. Its organs for a long time were the most rigid link in the command-administrative system. Numerous reorganizations only resulted in increased pressure on the enterprise. In your opinion, what must be undertaken in the near future to have kolkhozes, sovkhozes, farmers and leaseholders truly become free producers of goods and to protect them from attempts to dictate from above?

[Starodubtsev] Here we must work calmly. It happened that the agricultural administrative organs were always directly dependent on structures which did not have a direct relationship to the development of the village but had enough power to interfere with the production operations of kolkhozes, sovkhozes and the APK management organs themselves. Today this situation is

changing. But the need for serious changes within the very system of agricultural production management is also apparent.

I feel that a large portion of the administrative structure must be transformed. Experience has already shown that self-management must be in effect in the rayon, with voluntary associations of enterprises facilitating normal functioning. On the level of separate territories, as for example oblasts, there will be a continued need for structures that organize enterprises according to branch or special-purpose features. It is quite evident that it would be impossible to do without organs to monitor the implementation of breeding, seed farming, and poultry raising programs and the production of specific products on an oblast as well as republic level. These same organs, with the help of economic factors, must strive for the necessary changes at the given level in the volume of production of a certain product, must implement technological policies and must facilitate the rapid introduction of scientific achievements into practice.

[Savchenko] Recently there has been more and more persistent talk about creating the USSR Ministry of Agriculture again.

[Starodubtsev] Undoubtedly we need a single all-union organization for a branch that comprises almost one-third of the country's economy. This is confirmed by our own experience as well as by world experience—there is not a single developed country that does without an agricultural ministry. However, the ministry cannot be recreated in its old form. It must be developed with new functions, and most importantly, it should not be assigned the direct responsibility for the production results of operations of each kolkhoz and every farmer. The experience of the last 60 years attests to the fact that the ministry is simply incapable of this.

In my opinion, the main task of the new all-union organ should be the elaboration and development of measures that will deal comprehensively with problems of producing and processing agricultural raw materials and supplying the population with food products. Today the absence of special-purpose, scientifically-based programs for the development of branch complexes and subcomplexes within the APK is creating additional difficulties in improving food supplies. We feel that it is essential to develop and confirm programs such as "Grain," "Meat," "Milk," "Poultry," and "The Food Industry and Conversion" without delay. These together would solve all of the problems related to the production and processing of the most important types of agricultural products. The new ministry must become a dependable middleman between the village and industry.

[Savchenko] One of the weakest and most sickly links in the agrarian economy is the material-technical supply of the village. In your opinion, in what ways can improvements be made during the period of transition to market relations?

[Starodubtsev] First of all it is essential for branches that produce technology, mineral fertilizers, building materials and other resources to be placed on an equal footing with producers of agricultural production. This can be achieved by means of anti-monopoly laws. During the last several decades all of the ministries in our country have been given the monopoly right to independently establish not only prices for their products but also the nomenclature for the machines and equipment being supplied to the village. The only ministry that was not given this right was the USSR Ministry of Agriculture and its successor, USSR Gosagroprom. As a result, prices for everything that kolkhozes and sovkhoses received from the city were never equivalent to those for goods that the village supplied to the city.

The situation remains the same even today. The state always used differences in prices for resources and agricultural products as a way to divert profits from the village. Those small assets that were allocated from time to time to implement special-purpose agricultural programs were scoffed at. A typical example of this is the program for the so-called revitalization of the Russian Non-Chernozem.

That is an example from yesterday, and here is today's reality. By decision of the special RSFSR Congress of People's Deputies, an additional 20 billion rubles have been allocated this year alone for the implementation of programs to revitalize the Russian village and to develop the agroindustrial complex. At the same time, the republic's council of ministers, having prepared the resolution on increased prices for industrial goods, building materials and services, is thereby confiscating much more than 20 billion rubles from the Russian APK.

The economic inequality of branches is also being retained. For example, the machine building ministries have been given the right to sell their products according to contract prices. As a result we are faced with the dictates of monopoly rather than contracts. Over 10,000 rubles are being demanded for an MTZ tilling tractor. At the same time, kolkhozes and sovkhoses that fulfill state orders are obliged to sell their products according to state procurement prices alone. These procurement prices have not been corrected for a long time and appear to be clearly depressed in today's economic situation.

If such absurdities are eliminated, the prerequisites will be in place to correct the situation involving the supply of resources to the village.

[Savchenko] Vasilii Aleksandrovich, how specifically does the administration of the Peasants' Union see its role in implementing agrarian reform within the country?

[Starodubtsev] We feel that any method of force to solve problems or disagreements is completely inappropriate. Strikes in any branch of industry bring uncorrectable harm to the country's economy and in the final analysis to the people's standard of living. But even the well-known strikes of miners, which literally shook the

nation, may seem quite innocent in comparison to the consequences of a similar act by peasants. It is for this reason that we would not consider the possibility of such extreme pressure measures. The Peasants' Union feels that it is possible to achieve its goals only by means of parliamentary measures.

[Savchenko] And how effective is this path?

[Starodubtsev] It is effective to the degree that our deputies have learned to listen not only to themselves but to their opponents. I am saying this not for the sake of irony, but just to state a fact. We were heard and even understood. Thus, according to the initiative of deputy-agrarians and thanks to their persistence the USSR Supreme Soviet passed a resolution on pension support of a number of categories of village workers. We were able to convince the national and RSFSR governments to correct procurement prices for certain types of agricultural products and to write off a significant portion of kolkhoz and sovkhos debts that developed through no fault of their own.

But often our voice remains unheard.

During the period of development of the republic and union programs for the stabilization of the economy and the transition to the market, the Central Council of the Peasants' Union, together with the union Kolkhoz Council established their view on the principle of the transition to market relations within the system of the agroindustrial complex. In a joint resolution it was noted, for example, that the development of market relations in the village must be based first and foremost, on the laws on land, property, leaseholding and the free selection of labor collectives, and therefore on a radical restructuring of existing production relations. It was noted that the most important principle is the development of equal economic opportunity and conditions for the operations of kolkhozes, sovkhoses, peasant and private enterprises, cooperatives and associations.

However, we did not find it possible to agree with the proposal to legalize private ownership of land for commodity production, or its sale and purchase.

It should be possible to buy and sell land that is allocated for dachas and private plots (in fact this is already done, only in veiled form). However, we feel that the land that is used to feed and that belongs to all of the people should not be the object of sale and purchase.

We also considered unacceptable the resolution that gives the peasant the right to leave the sovkhos or kolkhoz with a land allocation without the agreement of the enterprise's collective. Yes, the right to leave the kolkhoz or sovkhos with a land allocation should be guaranteed to everyone. This is our firm position. But this must be done without detriment to either party. The principle of equal conditions must be adhered to at this level as well. It is quite evident that our position on this question is dictated by nothing but common sense.

However, within the process of developing a program for a transition to the market, and later during the period of passing programs to revitalize the Russian village and to develop the agroindustrial complex at the special RSFSR Congress of People's Deputies the opinion of the Peasants' Union and of agricultural deputies was ignored. Private ownership of any land and the right to buy and sell it was legalized, although with a short postponement.

Here again a habit inherited from the days of totalitarianism, the habit of assuming that the person who is at the pinnacle of power knows better than the peasant what the peasant needs, showed itself.

[Savchenko] Were you not convinced by the arguments that were presented in the report of the Russian government in favor of private ownership of land?

[Starodubtsev] I believe that it did not convince anyone. The accumulation of individual compliments and discrete, not interrelated, figures cannot serve as a convincing argument in writing economic laws. Yes, during the years of Stolypin's reforms Russia had free grain resources for export. But pre-revolutionary Russia exported grain not only during those five years. This is not noted at all in the report. Finally, it is most important to look at who created these free resources. During the five years of reform, what portion of peasants left the commune and became owners of their own allocations, and what portion remained within the commune? These figures are unavailable. Also avoided is the fact that during the years of Stolypin's reforms Russia was not able to achieve any sort of noticeable growth in productivity, that the main supplier of commodity grain in the country was not the peasant on his own farm, not the communal farmer but large enterprises of the capitalist type owned by landowners.

There was no support in the report for the fabricated concept of the peasant's devotion to private land ownership from time immemorial and of the capacity of this form of property to create an economic miracle within a short time.

References to the experience of highly-developed countries in the speeches of some deputies were also unconvincing. In the Western European countries, the U.S. and Canada private ownership of land is the primary form of ownership. But is it this circumstance that provides the sufficient quantities of food? Private property of land has been the norm there for more than one century. But until the 1940's and 1950's Germany, England, France and the majority of other European countries were not able to supply themselves with food and were forced to import it. Only after the technical and technological revolution in agriculture were enterprises able to achieve total self-supporting production.

Today too the right of the private owner to dispose of land, to sell it and to buy it, is surrounded in these countries by a large number of the most varied legal provisos and conditions. These were implemented in

order to prevent future negative consequences of unlimited land speculation. Bitter experience forced countries to limit the freedom of private land ownership, which is almost considered holy there. We have not had any such experience. Does this mean we must unavoidably also experience a stage of unbounded speculation? Land is not the same as German running shoes. It is not difficult to imagine how we will feel if one fine day we discover that the land in resort zones and on the outskirts of the largest industrial centers and large expanses of the best chernozems are in the hands of the black market or even of foreign banks.

When this question, which is so important for the fate of the peasants and of the entire country, was discussed at the Russian congress, the agricultural deputies persistently requested that peasants themselves have the right to at least express their opinion if not legally make the decisions. Unfortunately, within the atmosphere of euphoria of extreme radicalism that existed at the congress these voices remained unheard. A law was passed that will lead to a new "black redistribution."

[Savchenko] But the peasants were heard by lawmakers of the 4th USSR Congress of People's Deputies, which passed a resolution to hold a referendum on the question of introducing private land ownership.

[Starodubtsev] Yes, at this forum we were heard. And this obviously confirms the fact that the parliamentary path selected by us to fight for the interests of village workers is promising, if not easy.

Now some press organs have started to try to shame or to lash out at USSR people's deputies because in their opinion these deputies have demonstrated intolerable slowness in voting for the referendum. I feel that one can only be proud of the latter's position. The people must see who is taking their opinion into account and who is trying to achieve only his own goals.

[Savchenko] Vasily Aleksandrovich, how do you correct that very paradoxical situation that has developed this year—a record harvest, record losses, a record threshing of grain and the unprecedentedly empty shelves in food stores...

[Starodubtsev] Clearly reflected in this is everything that has accumulated over decades—both our potential possibilities as well as the defects in our economic system. In addition, the specific features of the transition period, which we are living through now, have been superimposed on all of this. This year the weather was our ally during the cultivation of the harvest and a very great enemy during harvesting. Under such conditions the shortage of equipment in enterprises, its low quality, the break in old leadership ties and the clear weakening of contract discipline had their effect. After all, due to the idleness of combines and vehicles alone during harvesting as a result of the absence of fuel we lost grain in an amount that is no less than that which we are now purchasing abroad.

Despite all of this, the grain harvest reached a record high. It was greater than on the average during the preceding four years. The state was sold meat, milk and other products. But there will be adequate amounts of products made from these raw materials only when a dependable base is created for the storage and processing of agricultural products. Meanwhile this is the weakest link in supplying food to the country.

During the last three years many enterprises in the defense complex have been participating in solving this problem. They have created a good supply of technological designs for the manufacture of modern equipment sets. But in practical terms will they be able to organize the production of this equipment that is so needed by the food industry? For some reason in the national economic plan up until now the complete fulfillment of the needs of defense enterprises for resources to manufacture such equipment have not been foreseen.

I would also like to turn to suppliers and builders who are working on the renovation and building of new enterprises to store and process agricultural products. The situation at these sites is simply difficult. Equipment worth over two billion rubles has accumulated in storehouses and on building platforms. This is happening because buildings are not ready and supplies are incomplete. Here emergency aid is also needed from local organs of power. Without exaggeration we can say that the fate of the food supply is in the hands of those whom we depend on to introduce food industry enterprises into operation.

## MAJOR CROP PROGRESS, WEATHER REPORTS

### Seed, Chemical Supply Disruptions Retard Ukrainian Farm Work

#### Ukrainian Administrator on Seed Situation

914B0153A Kiev *SILSKI VISTI* in Ukrainian  
27 Mar 91 p 1

[Interview with B. Demchenko, chief of the seed production administration of the Ukrainian State Agroindustrial Committee, by V. Onenko under the rubric "The Spring Field": "What We Will Fill the Seeding Machine With"]

[Text]

[Onenko] Boris Veniaminovich, how well are the seeds in the republic prepared for the sowing?

[Demchenko] Some 1.524 million tons of seeds of grain crops and leguminous plants have been prepared, 99 percent of which has been brought to sowing standards and 85 percent of which is in first-class condition, for the Ukraine's spring sowing over an area of 6.3 million hectares (excluding corn). This is enough for the sowing. Some work has been done to upgrade varieties. In

particular, seeds have been prepared for varieties of spring barley that are promising or resistant to unfavorable conditions—"Belorussian prime" and "Roland"; for peas—"Czech bogatyr" and "orlovchanin"; for buckwheat—"lily" and "grain," etc.

[Onenko] Did the winter introduce any adjustments to the plan for spring work?

[Demchenko] Yes, fairly appreciable adjustments. On the farms of the republic it is necessary to sow new crops or resow on more than one million hectares of winter herniary and perennial grasses. The kolkhozes and sovkhoses are paying for the additional seed requirements out of their own insurance fund and from state resources.

[Onenko] As a result the situation is more or less normal?

[Demchenko] Not in every case. In Kiev and Zaporozhye Oblasts only 62-74 percent of seed has been brought to a first-class condition. The residents of Odessa are in a great difficulty.

[Onenko] Last year they traded grain right and left.

[Demchenko] And they outwitted themselves. They traded so much that they devastated their seed bins. Today the entire republic must rescue the oblast. Residents of Vinnitsa, Sumy, and Poltava have made urgent deliveries of almost 10,000 tons of seeds for grain crops and leguminous plants to the Black Sea area.

[Onenko] It is now the time for mass work to begin in the fields. Are the farms picking up the seed from the state warehouses?

[Demchenko] Unfortunately, too little has been done. Khmelnytskyi, Volyn, Lugansk, Kiev, Kirovograd, and Cherkassy Oblasts have taken only 10-19 percent of seeds for barley, oats, and leguminous plants. In all, the republic's farms still need to transport more than 45,000 tons of grain from the grain reception enterprises. Moreover, they have requested an addition 57,000 tons of seeds of spring crops but are not hurrying to pick it up. Such sluggishness is very alarming. After all, it is still necessary to carry out the pre-sowing processing of the grain.

[Onenko] Our cornfields are among the largest. How are they supplied with seed?

[Demchenko] Some 6.7 million hectares are being cultivated with corn. Last year specialized farms produced 177,000 tons of seed of first class hybrids. But that is not all that much. A transitional fund of state resources will be used. This spring the former State Commission on Food and Purchases of the USSR Council of Ministers handed the farm workers a surprise—it adopted a ruling to issue the kolkhozes and sovkhoses corn seed in exchange for forage grain. But where are they to find it? The majority of the farms fulfilled the state purchasing

order, and many of them, expecting to receive equipment in short supply, handed over an additional quantity of grain.

[Onenko] Is this again dictate of the central department?

[Demchenko] It is necessary to give the Government of the Ukraine its due—it has not yielded to pressure. It has decided, as in previous years, to sell the farms corn seed without exchanging it for grain.

[Onenko] Is the stock of varieties of corn seed satisfactory?

[Demchenko] Not entirely. the problem is that there is no single service for seed production in the Ukraine. Six ministries and departments are involved. Last year the majority of the seed production farms did not meet the plan for production of first generation hybrids. One can only hope that the structure of the corn according to maturation groups is better. Medium-early ripening hybrids are in especially short supply. Few paternal forms of these are being developed at the scientific research institutions of Dnepropetrovsk, Zaporozhye, Odessa, and Kherson Oblasts. And what has been grown is not being disposed of efficiently in every case. The All-Union Scientific Research Institute for Corn has also been involved in commerce and has used 30 tons of grain of the maternal form of the hybrid "Dniprovskiy 310" in an unauthorized fashion. On the whole, the situation throughout the republic is critical.

[Onenko] Perhaps there is a need to change the organizations involved in seed production of corn.

[Demchenko] Yes. As I already said, there is no unified system. Scientists are developing native forms of corn, and the farms are sowing them and handing the harvest over to the factory. There they calibrate the seed and again return it to the field. Each works in the way that most suits himself, and this is not always to the benefit of the work as a whole. Good results are only obtained when they manage to unite the efforts of the partners. For example, on the basis of the Elita scientific production association the Kukurudzha [corn] scientific production system was created in the Crimea with the participation of scientists, industrial workers, and workers of a corn calibration factory. Every year they grow no less than 7,000 tons of seeds here, and they have significantly increased the quality—the degree of hybridity reaches 95 percent and more. However it is difficult to expand this achievement because the Ukrainian SSR [Soviet Socialist Republic] Ministry of Grain Products does not wish to yield its monopoly on corn calibration factories.

[Onenko] Not only state, but private farms are in need of seeds. Has that been taken into consideration?

[Demchenko] The private farms were allotted a stock of seeds for spring grain and perennial grasses from state resources for the first time. They must be disposed of skillfully at the local level. In particular, this was done

well in Sumy, where they began issuing packets of "Green Field," composed of the seeds of five fodder crops.

[Onenko] The stocks exist. Nonetheless, these days some private farmers in search of seed are having to canvass oblast and republic institutions. Recently one such private farmer from the Kharkov area visited the editorial office after he was refused by your very State Agroindustrial Committee. One gets the impression that when it comes to providing private farmers with seed, we hear about what is desired rather than reality. Whom specifically should they address concerning this question?

[Demchenko] The rayon agro-industrial associations and agricultural plants. There they will be given an order for seed, which may be picked up at the plant for grain products or at the state farm. With the development of private farming, from now on it is advisable to create specialized stations in the rayon centers where farm workers may purchase seeds of the necessary varieties and sorts.

[Onenko] The initiative is yours, as they say.

[Demchenko] Of course.

### Chemical Plants Lag in Support of Farm Efforts

914B0153B Kiev *SILSKI VISTI* in Ukrainian 17 Apr 91  
p 1

[Article by V. Onenko under the rubric "The Spring Field": "And Is This Commerce?"]

[Text] This spring is difficult for the farm workers of the Poltava region. Over a large area the crops have thinned out after the winter and it is necessary to sow new crops or resow the same land. On large tracts of land we must fertilize winter and perennial grasses and introduce mineral fertilizer while sowing the spring crops; but there is not enough fertilizer. For example, only 58 percent of the reserve of ammonium phosphate fertilizer for the first quarter has actually been delivered.

The Khimprom [chemical production] production association in Sumy is particularly letting down the farm workers of the Poltava area. The leaders of the production association are arbitrarily interpreting the laws of the market. At the beginning of this year they informed the oblast agro-industrial council of their refusal to accept orders for the delivery of scarce complex fertilizers. They said, "Pay 103 rubles more per ton than is stipulated by the official price list and then we will talk with you." That is, they decided to set their financial affairs in order at the expense of the countryside.

The Sumy Khimprom workers have put into difficult circumstances not only the residents of Poltava but also the farm workers of Chernigov, Lugansk, Kharkov, Donetsk, Dnepropetrovsk, and other oblasts. Since the beginning of the year the association has fallen behind in deliveries to the farms of the republic by more than

70,000 tons of scarce complex fertilizers and almost 20,000 tons of ammonium phosphate fertilizer.

The financial pressure on the countryside is increasing at a frantic pace. Over just the last three years commercial fertilizers increased in price by a factor of almost two. The USSR Council of Ministers adopted a ruling to establish fixed prices for them starting in 1991. But the laws were not written for the residents of Sumy. Many farms cannot afford such "golden" fertilizers. But the association does not wish to yield and declares, "We are completely halting the production of chemical fertilizer."

The Azot production association in Rovno is involved in the same kind of extortion. Prices were also increased abruptly for scarce complex fertilizers. While their own fellow townsmen try to find justice, the association has resorted to commerce in other republics—it has found wealthier purchasers there.

Nor is the Cherkassy Azot production association in a hurry to be touched by the concerns of the countryside. Last year its collective fell short on deliveries of ammonium nitrate to farm workers of Kirovograd, Cherkassy, and Kiev Oblasts by 130,000 tons. And this year it is already 20,000 tons behind. The Styrol production association in Gorlov and the Prydniprovskyy chemical factory that is in Dneprodzerzhinsk are not adhering to the schedule for the delivery of fertilizers to the countryside either.

"Indifference and extortion on the part of our own, as they say, native suppliers of fertilizers," says I.M. Rydy, chairman of Ukrsilgospkhiimiya, the republic's scientific production association for agrochemical service of agriculture, "puts a heavy burden on the shoulders of the rural workers. The farm workers sell their output to the state at stable purchase prices and, in the person of the leadership of the aforementioned enterprises, the state plunders them openly."

Let us change our ways before it is too late.

## MACHINERY, EQUIPMENT

### Machinery, Equipment Sector Plagued by Waste, Shortages

#### Inefficiency in Scrap Recycling

914B0145A Moscow SELSKAYA ZHIZN in Russian  
13 Dec 90 First Edition p 2

[Article by Nikolay Artapukh, Vladivostok: "Why Does the Kolkhoz Need Cannons?"]

[Text] Not long ago central television gave managers of the Orsk-Khalilovo Metallurgical Combine its screen. They advertised an interesting offer. In connection with the acute shortage of raw materials metallurgists are prepared to supply 200 kg of rolled metal for each ton of scrap delivered to them.

Such initiative gladdens us. However, another thing is also indisputable: metallurgists are acutely short of raw materials. This has forced them to take such a step.

"Sovkhozes and kolkhozes have always fulfilled the plan for the delivery of metal scrap," B. A. Minin, deputy chairman of the Primorsk Agricultural Union, says. "But in the last three years they have made a mess of it. They have incurred losses and have not received enough pipes, sheet iron, and other products for the repair of houses, institutions for cultural and community services, and farms."

We would like to note that farms fulfilled the plan until the republic's Gosagroprom by an arbitrary decision almost doubled the volume of scrap delivery. On what grounds? None. The country needs metal—that is the long and the short of it.

It is necessary to search for metal scrap. Now peasants conclude a gentlemen's agreement even with city patrons: enterprises will supply 10 tons of metal scrap and more and the farm will write a report on work performed in rural areas. Often the military come to their rescue: they tow an old tank to a sovkhaz or a kolkhoz, add a pair of obsolete cannons—and the plan is fulfilled. For instance, not long ago it was established that the Olginskiy Sovkhaz brought artillery to the local metal scrap warehouse.

I, for example, would order ministry specialists to bring plan indicators into strict conformity with a natural and sensible utilization of old equipment on sovkhozes and kolkhozes. After all, obsolete spare parts, written off machines, pipe cuttings, electrode waste, and other fines, which total 32,000 tons of scrap, are taken into account here—but in no way 64,000 tons, which were confirmed in Moscow.

"We support the proposal by Orsk-Khalilovo metallurgists," V. D. Lyutar, chief engineer at the Mechanization Department of the Agricultural Union, says. "The quantity of delivered scrap can increase if peasants have material incentives. For the time being, however, we only incur losses."

In fact, depending on the assortment from 28 to 70 rubles per ton of scrap are now paid. In order to cut and dismantle a machine unit, oxygen, cutters, and tools are needed. But all this is not available. If the Ministry of Metallurgy is interested in a stable operation, it must see to it that scrap delivery is profitable for farms and enterprises and that they can obtain scarce rolled metal as incentives.

The Orsk-Khalilovo Combine is far, but the Amurstal Metallurgical Plant is closer. Let the enterprise collective give thought to incentives for the common benefit.

Moreover, scrap delivery to the Plant for the Processing of Secondary Ferrous Metals is a real punishment. Sovkhozes and kolkhozes constantly pay fines for its underdelivery. And what is going on at metal acceptance

bases? For months these bases do not operate owing to the breakdown of hoisting mechanisms and later, when the acceptance of metal scrap is restored, kilometer-long lines are formed at the gate and trucks idle in lines day and night. It would be fair to pay fines for the above-normative idling of equipment. But there is no mention of this.

And now, the chief thing: by not supplying enough pipes, fittings, and sheet iron to rural areas, metallurgists and suppliers cut the bough on which they sit. After all, rural areas are forced to reduce the production of food products. To be honest, such a position of departments is surprising. Forcing the peasant to wheedle written off tanks and cannons out of the military for the sake of plan fulfillment, these departments do not want to notice the millions of tons of metal, with which seacoasts are literally clogged.

Floating bases and plants, tankers, fishing seiners, and warships, which have become obsolete, have been rusting in bays, in inlets, on sandbanks, and at mooring walls. Recently, joint enterprises for the dismantling of floating devices have expanded their activity. They have been selling vessels dirt-cheap abroad, pushing them into such corners so that no one can see and the heart does not bleed at the sight of the senseless losses.

This is the field of activity for the Ministry of Metallurgy! But to fail to deliver 1 ton of pipes or more to a sovkhoz, on the farm of which waterers and pipes in holes leak and, in addition, to fine it for disobedience is much simpler.

#### Follow-Up Laments Waste

914B0145B Moscow SELSKAYA ZHIZN in Russian  
9 Feb 91 p 1

[Article by A. Akudinov, Mariinskiy Posad, Chuvash SSR: "Why Does the Kolkhoz Need Cannons?" (14 December)]

[Text] If the Ministry of Metallurgy worked well and were interested in a stable operation of metallurgical combines, undoubtedly, it would find ownerless raw materials sufficient for several years.

#### Letters on Repair, Production Difficulties

914B0145C Moscow SELSKAYA ZHIZN in Russian  
16 Jan 91 p 2

[Letter from S. Bartenev and answers from O. Kolechits and Ye. Litvinov: "Go-Getter With a Trailer"]

[Text] Today there are many clashes around the problem of the market and new economic relations. People argue until they are hoarse and inflame passions at plants, factories, kolkhozes, and sovkhozes. Our production affairs are getting increasingly worse. The economy is shattered, economic ties are disrupted, and contracts are not fulfilled. Some enterprises are on the verge of a complete shutdown.

The agro-industrial complex, which is the main consumer of material and technical resources, suffers especially. For example, owing to the lack of spare parts, a simply catastrophic situation has been created at repair enterprises and shops. The letter from Kursk machine operator S. V. Bartenev published below also confirms this.

#### Who Will Help Us?

This has not yet happened: For two months we have been unable to repair our tractors. Every day we come from the Druzhba Kolkhoz to the Kursk Service and Repair Enterprise with one hope: spare parts have appeared suddenly. And every day we hear: No!

Many unprintable words are directed at suppliers. It is a pity that they do not hear them.

Managers of the service and repair enterprise are throwing up their hands helplessly. They are falling off their feet in the search for parts for MTZ-80, T-150, T-150K, and Kirovets tractors. There is an acute shortage of almost all spare parts. Yet now more than ever there is a great need for them. Please recall how rainy the fall was. Equipment operated until it was worn out.

By the end of the season the machine and tractor pool of our kolkhoz—and not ours alone—resembled rather a cemetery. Our machine operators restore most combines and tractors in their own shops. However, there are machines that require serious repairs. We brought them to the service and repair enterprise. I and, for example, Aleksandr Konorev brought T-150 tractors and Ivan Dudinov, YuMZ-6. The engine and the radiator core of my tractor were broken. We repaired the motor quickly at the Krasnopolyanskiy Service and Repair Enterprise. We had to wait a long time for some parts. It took 1 and ½ months to bring the radiator core from Kharkov. During that time I overhauled my tractor right up to screws. Finally, 10 radiator cores were delivered. We began to examine them: Good gracious! Only one was suitable, the remaining nine broke during transportation. And no wonder: they were packed only in corrugated board. The chief of our shops says that it is a sin to take offense at the plant. But we were offered either to take them in such packaging, or not to take them at all. Spare parts are not allocated. But I think: What is this? They do not send allocated spare parts on time and put us in a desperate situation.

Now, when the tractor is almost ready, we again are waiting for a mounting for trailed implements and brake linings from Kharkov. True, the latter are being restored in the shop of the service and repair enterprise, but so primitively that they last only throughout the spring.

Ivan Dudinov had a whole problem with a hydraulic booster. He also waited for it for 1 and ½ months. But that is nothing! Previously, he worked on a Kamaz motor vehicle on the Kolkhoz imeni Dzerzhinskiy in Cheremisnovskiy Rayon. He recalls that he loitered for about six months, waiting for spare parts. A "Kirovets" from the

Kolkhoz imeni 20 Partseyzd idles next to us here, in the shop. There are no wheels for it.

It is not the first year that I repair equipment in the winter and I have noticed that each time the supply of spare parts becomes increasingly worse. I do not know exactly what has an effect here: possibly, the reason lies in the broken up Selkhoztekhnika departments and, most likely, in the unbalance of the economy. For example, it is understandable that it is not profitable for the Leningrad Kirov Plant Association, or the Lipetsk Tractor Plant, or the Minsk Tractor Plant, or the Kharkov Tractor Plant, or the Plant imeni Lepshe of the Kiyevtraktorodetal Production Association to manufacture small spare parts under cost-accounting conditions. However, without rubber bushing worth 1 kopeck a tractor will not operate. But they are not available. Why to dream about drills, taps, cutters, or wrenches of popular sizes! So, it turns out that every day we go to the service and repair enterprise as on a tour: we spend the day there and in the evening we go home. My heart aches after such "tours." Plant workers, please have your weighty say and help us to arrive at the spring in full readiness.

S. Bartenev, machine operator on the Druzhba Kolkhoz, Kursk Oblast

#### **We Are Going Through the Chain**

**The editorial board acquainted interested persons in Minsk and Zaporozhye with the machine operator's letter. This is what they answered:**

O. Kolehich, chief of the Production Control Department of the Minsk Tractor Plant Association:

We have about 800 clients. Moreover, we supply our products to foreign countries. All consumers expect them in the necessary range and assortment and within strictly established periods.

However, some of them have been deceived. For example, rural machine operators have failed to receive 40 types of spare parts. They include 107,800 clutch disks, about which machine operator S. V. Bartenev from Kursk Oblast writes. Why do we not fulfill contracts and disrupt deliveries? There are several reasons. Among them, malfunctions in the supply of materials, metal, and accessories. The success of work depends on every supplier—we have more than 600 of them. Unfortunately, many let us down, finding hundreds of excuses. Ferrous metallurgy enterprises especially let us down. For example, last year the Volgograd Krasnyy Oktyabr Metallurgical Plant did not deliver 200 tons of metal to us and the Novosibirsk Plant imeni Kuzmin, 150 tons of rolled metal. The shortage of steel, which is necessary for the manufacture of brake band, was felt acutely. The Mariupolskiy Metallurgical Plant imeni Ilich let us down in this respect.

The unpunctuality of suppliers under the auspices of foreign cooperatives does considerable damage to us.

For example, the Belotserkovskiy Industrial Asbestos Products Plant did not supply 251,000 clutch and brake disk linings. The Yaroslavl Industrial Asbestos Products Plant does not look better. It owes us 159,000 linings.

There is an acute shortage of rolled sheet metal, from which we make cabins, wings, and facing parts. Suffice it to say that the Zaporozhstal Plant did not supply 1,300 tons of metal and the Cherepovets Metallurgical Combine, 400 tons. Neither letters, nor urgent telegrams, nor messengers help.

The conclusion of contracts for this year also proceeds with big labor pains. Suppliers put forward their terms: We will give metal if, in return, we receive tractors, building materials, and currency.

Not only machine operator S. V. Bartenev from Kursk Oblast is troubled by the existing situation. This problem disturbs everyone. If this continues, peasants will not be able to repair equipment on time or sow fields in the spring.

Ye. Litvinov, chief engineer at the Zaporozhstal Combine:

Here is a pile of telegrams. One of the loudest has just arrived from the Minsk Tractor Plant where, owing to the shortage of our metal, the output of machines for grain growers is threatened.

To tell the truth, we let down not only our Belorussian partners, to whom we owe more than 1,500 tons of metal for last year. The collective of the Tashkent Tractor Plant failed to receive almost 2,000 tons of steel sheet and we underdelivered 12 percent of the annually allocated metal to the Gomel Agricultural Machine Building Plant and Rosselmash. We let down rural machine builders and suppliers, us. Today there is an urgent need for metal scrap, but where to get it?

We have become used to the fact that we are eternally short of something. But to be short of metal scrap? Do you think that I am joking? Not at all. After all, there is plenty of it—mountains of rust rise at small and big enterprises. There is no less metal scrap in rural areas. Real cemeteries of combines, tractors, harvesters, plows, and all sorts of other things, which have gone out of service, can be seen in machine yards, untrodden groves, and ravines. If we look into this, we will see that for a long time we have lived not under pine and birch trees, but in the shade of this very metal scrap.

Meanwhile, we, metallurgists, cannot do without it. In order to weld good steel, among other things, we need 20 to 30 percent of this metal scrap. But where does it mostly lie? In rural regions.

There is another manifestation of our economic disorder. It is not so much that we cannot gather the grain harvest—we cannot gather perhaps the biggest metal scrap "harvest" in the world. Either we do not have enough brains or skills for this, or we have been completely overcome by laziness.

Our debts give trouble to the inhabitants of Zaporozhye. From all oblasts we only hear: If you do not give us metal, you will not get refrigerators, motor vehicles, or furniture. In response we also gave such an ultimatum.

A war of ultimatums is being waged today and for now, even at the republic level, people do not know how to pick up from land what is almost always under our feet.

#### From the Editorial Board

And so, you read the machine operator's letter and answers by representatives of allied enterprises. And, for sure, you got the impression that confusion reigns in the country and no one manages anything. Everyone feels some discomfort in the production system and a lack of confidence in tomorrow.

Undoubtedly, previously there were also miscalculations in the economy and there was not enough of everything. But we had not reached such complete ruin. Republics, oblasts, cities, rayons, and plants have stopped respecting each other. The game of sovereignty has led to a break in existing economic ties and to chaos in material and technical supply. And, as a consequence, all production links have fever. But collectives have no one from whom to expect help. The economic leadership and the party apparatus have walked away from this matter. Soviets have proved to be incapable of managing such a gigantic national economic complex.

Today it is hard for everyone. But it is especially difficult for the agro-industrial complex, because it is the biggest consumer of material and technical resources. Look what happens: A machine operator sent a letter to the newspaper—a letter full of anxiety and questions. Our decision to go through the production chain and to clarify who is to blame for the fact that repair work is carried out poorly in rural shops again has led us to rural areas. It turns out that metallurgists, in particular Zaporozhstal, do not give metal to machine builders, because there is no metal scrap. Where is this metal scrap mostly found? In rural areas. It turns out that the machine operator himself is to blame for the fact that he does not have spare parts.

It is amazing, is it not? But such is the custom in our country that everyone looks for the causes of his miscalculations, oversights, and inefficient work somewhere else and almost never in his own house, or on his own farm. Kiyevtraktorodetal, Pavlodar Tractor Plant, and Simferopol'selmash production associations, the Rubtsovsk Electrical Tractor Equipment Plant, the Kurgan Agricultural Machine Building Plant, the Odessa Soil Machine Building Plant, the Mtsensk Plant for the Processing of Secondary Nonferrous Metals, and others attribute the disruption of contractual obligations to the lackadaisical attitude of their subcontractors. In turn, subcontractors refer this even further. And so without an end.

The arbitrariness of plants and economic dishonorableness of partners represent the second phenomenon that

has emerged during the years of perestroika. Whereas previously a go-getter penetrated into a plant with one or two bottles of cognac and a box of candy in his briefcase, today trailers with acutely scarce goods follow him. Other partners demand currency, as from foreign clients. This is what they have come to! "Perhaps this is the beginning of a market?" many of our readers ask.

But at this time debates are going on at all levels of management and people's deputies practice their eloquence and issue dozens of laws, which do nothing. In our country no one engages in concrete matters or manages daily economic life. Rallies, hunger and other strikes, and interethnic discords have suppressed all and everything. With all this how could we not forget to get ready for spring and for sowing?

#### Follow-Up: Incentives Would Help

914B0145D Moscow SELSKAYA ZHIZN in Russian  
27 Apr 91 p 1

[Article by V. Pavlov: "Go-Getter With a Trailer" (16 January)]

[Text] I, a former chief engineer on a sovkhoz, experienced all this myself. It seems that even then I found a method of fulfilling the plans for the collection and sale of metal scrap, which I could never get on the farm. I made arrangements with machine operators to collect and store metal near the house and then I assigned transport facilities for its delivery to the warehouse of the Plant for the Processing of Secondary Ferrous Metals. On the basis of a receipt the machine operator, who made the delivery, was paid 50 percent of the value of metal scrap plus for collection and loading. I assure you that the result was remarkable. And if a bonus—purchase of a car without a line—is established?

#### Lack of Equipment Threatens Harvest

914B0154B Moscow ZEMLYA I LYUDI in Russian  
No 17, 26 Apr 91 p 1

[Article by S. Mukharev, chief of the sector for harvesting equipment of the RSFSR State Committee for Material and Technical Supply for Agriculture: "What Will We Use To Harvest the Crops?"]

[Text] Our agriculture is experiencing hard times. Because of the interruptions in the deliveries of engines, tires, and spare parts, tens and hundreds of thousands of trucks and tractors, plows and seeders were not ready to go out into the fields. And although it is still spring and many farms are planting, the grain growers are concerned about the fate of future crops: they are alarmed about the poor provision of harvesting machines for the farms.

Perhaps never before has there been such a situation in our agriculture—thinks S. Mukharev, the chief of the sector for harvesting equipment of the RSFSR [Russian

*Soviet Federated Socialist Republic] Agrosnab [State Committee for Material and Technical Supply for Agriculture].*

I will say frankly that the situation with respect to the delivery of machines and mechanisms for harvesting the future crops is extraordinary. There are shortages of all items, and especially grain combines. Their deliveries have dropped by 52 percent as compared to the 1986 level. The demand in 1987-1990 was partially satisfied with combines in stock at the Agrosnab bases. Now these resources have been exhausted and the deliveries of harvesting machines from the Rostselmash plant decreased by 5,000 units in 1991.

As before, there is a great shortage of equipment for postharvest processing of grain. In past years the need for it has been satisfied by 55-65 percent. There are no plans to increase deliveries of this equipment in 1991 either, and for certain kinds of equipment there will even be reductions. Only 260 units of the ZAV-50 grain cleaning and drying machines have been allotted to the republic. This is half as many as last year. The farms will receive 21 percent fewer ZVS-25A grain cleaners, 19 percent fewer SM-4 seed cleaners, and 39 percent fewer ZPS-100A grain loaders.

The situation is exacerbated by the fact that on farms and bases of Agrosnab at the present time there are more than 3,000 grain cleaning and drying complexes of the ZAV and KZS type with missing parts. There are no bucket chains, grain lines, fittings, or other equipment, without which it is impossible to put them into operation.

This year, having decided to increase the gross grain yields, many farms of the Russian Federation are considerably expanding the areas planted in corn. For example, in Kurgana Oblast alone the area planted in this crop will increase almost fivefold. It would seem that one should be happy about this. But the machine operators are already asking: What will we use to harvest the crops? The deliveries of corn harvesting combines will not only not increase in 1991; they will even decrease. Deliveries of attachments to grain harvesting combines for harvesting corn have been cut significantly. This pertains not only to the Transural area but also to all other regions of Russia where this valuable grain crop is raised.

The farms are extremely poorly supplied with machines for preparing feeds. The demand for feed harvesting combines is satisfied by only 45-50 percent, tractor mowers, no more than 46 percent, and press-pickup attachments, 20-35 percent. The situation is even worse with respect to highly productive machines such as the KRN-2.1 rotary mowers, KSS-2.6A silage combines, and PRP-1.6 roll press-pickup attachments. They are in short supply everywhere. Taking into account that in 1991 deliveries of Ye-281 and Ye-302 imported combines, and also KIR-1.5 mower-shredders will be curtailed, the situation with respect to providing the farms with feed harvesting equipment will be even worse.

To all of this I would like to add that with the transformation of the Ministry of Tractor and Agricultural Machine Building into the USSR Ministry of Automotive and Agricultural Machine Building there was a reduction not only of the supply of the necessary machines for agriculture but also of the rates of development of this new equipment. Many technical means that have been tested and recommended for production will never find their way to the series production conveyor. This retards comprehensive mechanization of the cultivation and harvesting of grains. Postharvest processing, drying, and loading the grain even of such a crop as winter wheat are mechanized by only 35-40 percent. What can we say about the other crops?!

Except for the Don-1500 combine, in recent years essentially not a single machine for crop growing has been put into production. And even these costly grain harvesting combines do not have enough replaceable adapters or devices for harvesting sunflowers, corn, alfalfa, or groat crops. There are not even enough reapers for harvesting grain crops.

And PSP-type devices for harvesting sunflowers? There are not enough of them not only for the Don-1500 combines but also for the Nivas. If one takes into account that Hungary and Bulgaria have not curtailed the deliveries of these mechanisms at all, one can imagine how difficult and complicated it is for the machine operators of Russia to harvest their sunflower crops.

We would like for this alarm signal to be heard by workers of the planning and supply organs and collectives of the machine-building plants.

## POLICY, ORGANIZATION

### Goskomstat Reports First Quarter Goods, Services Statistics

914D0192A Moscow *TORGOVAYA GAZETA*  
in Russian 20 Apr 91 p 2

[Unattributed report: "No Increase on the Store Shelves: After the First Quarter"]

[Text] Statistical figures for March and for the first quarter are in. This is what USSR Goskomstat's [State Committee for Statistics] Administration for Trade and Services Statistics reports.

There were 52.4 billion rubles [R] worth of goods sold to the population in March—R14.1 billion, or 36.8 percent, more (in real prices) than in March last year. Retail sales increased both because of price increases (by 30 percent) and quantity increases (by 5 percent).

The explosion of panic buying has swept all regions. For instance, retail sales in Tajikistan, in real prices, increased by 65.3 percent in comparison with the respective period of last year; in Azerbaijan, by 50.1 percent; in Turkmenia, by 48.4 percent; and in Estonia, by 46.6 percent. The lowest increase during this period was registered in the Moldovan SSR [Soviet Socialist Republic], (27.4 percent).

Reserve goods worth R5.4 billion were transferred into retail sales network. Reserves fell especially sharply in the RSFSR [Russian Soviet Federated Socialist Republic] (by R1.7 billion), Uzbekistan (by R0.7 billion), and Ukraine (R0.3 billion).

Total volume of retail sales in state and cooperative trade for the complete quarter comprised R131.3 billion. This is an R26.6 billion increase, in real prices, in comparison with the same period of last year. Out of this, R26.3 billion is the result of price increases, including R2.5 billion coming from the five-percent sales tax. At the same time, a smaller volume of food products (by R2.2 billion less) was procured. Imports during this period fell by R1.7 billion; imports of raw foodstuffs decreased to one-half of previous volume.

Procurement of meat for retail sales fell by 323,000 tons (11 percent). The worst decrease took place in Armenia (66 percent), Georgia (42 percent), Kyrgyzstan and Estonia (31 percent each), Moldova (29 percent), and Tajikistan (25 percent). Procurement of meat in the Ukraine and in Belorussia increased by 3 and 13 percent, respectively; however, according to local reports, these republics' population is not supplied any better than before.

There were 2,700 tons (15 percent) less dairy products procured this quarter than during January-March of last year. Procurements of market stocks decreased by half in Georgia and Armenia, and by one-third in Azerbaijan

and Estonia. Procurements of eggs in Turkmenia, Azerbaijan, Kyrgyzstan, Estonia, and Georgia were 30 to 46 percent below last year's levels. There is no improvement in the supply of fish and fish products. Their procurement in January-March fell by 19 percent in comparison with the respective period of last year.

According to statistical organs, during the first ten days of April the situation in food sales somewhat stabilized. An improvement in the retail sales of meat products was registered in the Karelian ASSR [Autonomous Soviet Socialist Republic], in Bryansk, Penza, Donetsk, Vinnitsa, and Nikolayev Oblasts, and in Moscow and Kishinev. However, there is still practically no meat in retail stores in Kirov, Tomsk, Poltava, and Taldy-Kurgan Oblasts. Butter and sugar were sold mainly by coupons. Dairy products were available for sale everywhere, but were accompanied by long lines. This commodity is procured in limited quantities and is sold out in two to three hours. There is no improvement in the situation with confectionery goods, grain cereals, pasta products, flour, and vegetable oil.

Obligations in interrepublic deliveries and deliveries to all-Union procurement stocks are not being fulfilled, which destabilizes even more the foodstuffs market. During the first quarter, deliveries to all-Union stocks by the republics fell short by 176,000 tons of dairy products and 503 million eggs. Planned meat products procurements were exceeded by 10 percent, or 40,000 tons—mostly by the RSFSR (184 percent plan fulfillment), Belorussia (107 percent), Latvia (118 percent), and Estonia (123 percent). At the same time, Kazakhstan, Lithuania, Moldova, and Kyrgyzstan fulfilled the plan by only 35 to 85 percent. The plan for deliveries of meat products to Moscow and Leningrad was fulfilled by supplier-republics by 86 percent and 84 percent, respectively.

According to information received as of 10 April, the tension in providing the population with bread and bakery products has been eliminated. These goods are available in reasonable assortment in all inspected oblasts.

The sales of salt have stabilized. In comparison with last year, four percent more of it was delivered for sale through retail outlets. However, interruptions in its sales has taken place in the stores in Kirov, Kursk, Tomsk, and Guryev Oblasts, and in Moscow and Kishinev.

Deliveries of potatoes and vegetables for retail sales are decreasing. As of 1 April, supplies of potatoes were at 61 percent of last year's levels, and of vegetables, 77 percent. Among other things, difficulties in supplying these goods to the population are the result of decreased purchases of hot-house and early vegetables.

The situation with goods produced by light industry has worsened dramatically. In March, 266 enterprises in this branch were stopped. As a result, there was a sharp decrease in the production of fabrics, clothing, footwear,

rugs, etc. During the same period, imports fell approximately by half. As a whole, in the first quarter deliveries of light industry goods (both domestically produced and imported) for sale through retail outlets were worth R4.5 billion (or 21 percent) less than last year. This decline includes fabrics—by 170 million meters (34 percent), knitwear—by 131 million units (25 percent), hosiery—by 167 million pairs (27 percent), footwear—by 42 million pairs (20 percent), and clothing—by R0.6 billion (9 percent). During the three months, the volume of supplies of these goods in the retail sector fell by almost one-quarter, and, if compared with last year's level—by more than one-half.

According to available data, even after the price increase, footwear, clothing, fabrics, draperies, and sundries were, for all practical purposes, unavailable through retail stores. In many oblasts, cooperative goods were freely available, as well as goods produced through individual activities and goods purchased from the population and sold at high commercial prices. Goods delivered to the stores for sale at reasonably affordable prices are sold out in a matter of few hours, with long lines.

The growth in the production of **leisure and household goods** also slowed down, while at the same time imports of such goods fell. This resulted in delivering a smaller volume of such goods to retail stores. Deliveries of electric lamps, refrigerators and freezers, washers, electric vacuum cleaners, school notebooks, galvanic elements and batteries, and electric irons fell by 4 to 14 percent; the production of sewing machines and television sets remained at the same level, and the production of bicycles, motorcycles, tape recorders, cameras, and watches grew by 3-6 percent.

As the arriving information shows, appliances, means of transportation, furniture, dishes, watches, light bulbs, matches, and other goods are still not available through unrestricted retail trade. Their sale is conducted mainly through distributory sales channels—by lists supplied by enterprises, waiting lists, and vouchers.

### Model Ukrainian Coupon System Assessed

914D0191A Moscow *EKONOMIKA I ZHIZN*  
in Russian No 11, Mar 91 p 13

[Article by R. Kogay, sector chief in the All-Union Scientific Research Institute for the Study of Demand by the Population for Consumer Goods and Trade Trends, and V. Smirnova, deputy chief of administration in the USSR Ministry of Trade: "Were the Hopes of the 'Fathers' of Coupon Trade Justified?"]

[Text] At present, a coupon trade system introduced in the Ukrainian SSR [Soviet Socialist Republic] in November of last year is, in essence, the most extensive administrative system for the distribution of consumer goods in place in our country. Coupons have actually become a second currency in the consumer market of the Ukraine. The "fathers" of vouchers, identification cards,

and passport trade attached their hopes for attaining social justice to precisely this system. How has the situation in the consumer market changed?

According to recent data, a certain reduction in the rate of sales and the growth of merchandise stocks have occurred only with regard to main foodstuffs, and even then to a degree far from that expected (see the table).

Availability of Foodstuffs in the Cities Surveyed (percent)

|                                  | 1990    |          |          |
|----------------------------------|---------|----------|----------|
|                                  | October | November | December |
| Sausage products                 | 25.0    | 46.7     | 54.5     |
| Vegetable oil                    | 42      | 27       | 46       |
| Eggs                             | 8       | 13       | 18       |
| Hard candy                       | -       | 7        | 27       |
| Fruit and fruit-and-berry juices | 83      | 87       | 91       |
| Potatoes                         | 50      | 60       | 64       |
| Onions                           | 67      | 87       | 82       |

Thus, for example, sausage products could be purchased in the shops of only half of the cities of the republic. Eggs were for sale in fewer than one-fifth of the urban localities. The situation with trade in nonfood goods continued to deteriorate. For example, by the end of 1990, stocks of fabrics were at between 77 and 86 percent of the level as of the beginning of the year, those of garments and underwear at 95 percent, and those of TV sets at 81 percent. Most groups of nonfood items were just unavailable for unrestricted sales. Fabrics, seasonal clothing, and leather footwear were absent. Goods for cultural, service, and household needs were represented only by individual household chemical products and a very limited selection of the simplest household needs. The Ukrainian Branch of the VNIKS [All-Union Scientific Research Institute for the Study of Demand by the Population for Consumer Goods and Trade Trends] carried out surveys of the republic population in 15 cities in early November 1990 and in the last days of the month, as well as in January 1991 in Kiev, Chernigov, and Kharkov, in order to ascertain the response of the populace to the introduction of the coupon system, and possible related changes in the structure of consumer spending. The results of the poll indicated that a majority of the citizens took an unfavorable view of the coupon trade system.

From among the drawbacks of the coupon sale of goods, inconvenient settlements for purchases drew the most complaints. This was indicated in November 1990 by 20 percent of the consumers surveyed, and by as many as 29 percent in January 1991. Fifteen percent of those surveyed in November 1990 and 28 percent in January 1991 had complaints about lines in the shops growing longer. As the Ukrainian SSR Ministry of Trade estimates, as of the beginning of 1991, the population held

approximately four billion rubles [R] worth of unspent coupons, which accounted for approximately 78 percent of their volume in 1990.

The accumulation of coupons brings about the return of panic buying and, in essence, defeats the purpose of the introduction of the coupon trade system. A considerable stock of coupons held by the populace is simply no longer backed up by the deliveries of goods. A poll of consumers held in January 1991 found that 58 percent of the respondents were unable to use coupons because it was impossible to buy the goods needed.

The coupon system of trade has also brought about changes in the structure of merchandise purchases. The quantity of purchases of alcoholic beverages, nonalcoholic beverages, and confectioneries declined, as was noted, by respectively 85, 67, and 75 percent of those polled. In the group of nonfood items, the spending of the populace on jewelry, fancy goods, cosmetics, photo and movie equipment, household chemicals, and hardware declined (this was noted by between 80 and 85 percent of those polled). This also made the consumer market nervous.

Obviously, the discrepancy between "couponized" demand and merchandise supply will keep growing due to the accumulation of coupons by the populace, as well as the expansion of channels for the use of merchandise resources for sales of goods other than by virtue of coupons. In 12 out of 15 oblasts of the republic, the list of goods sold without coupons has already been expanded from two to 36 items. In individual cities, the amount of coupon-free sales of foodstuffs has increased from R0.2 (according to instructions) to R1 which also gives customers the opportunity to hang on to their coupons.

The introduction of consumer cards with coupons is an administrative measure restricting the purchasing power of the ruble. It undermines financial incentive to improve labor productivity and increase wages given to the people because they can only use 70 percent of their cash income "backed up" by coupons to purchase goods. The standard of living, especially that of low-income population groups, has declined; prices in the kolkhoz [collective farm] markets have increased; monetary savings have lost their value. Depositors of the USSR Savings Bank are not issued coupons when they withdraw money from their accounts; consequently, they cannot use the cash available to meet their current needs. Rules established in the Ukraine make it possible for the citizens of the republic to buy a number of consumer durables worth over R1,500 only with Savings Bank drafts without consumer cards. In essence, only individuals who have considerable savings may exercise this right.

Limited opportunities to buy goods affect the velocity of currency, which brings about greater emission. In November and December 1990, the amount of money held by the populace in the republic as a whole increased

by R617 million, whereas in January 1991 this increment was estimated to be R1 billion.

The coupon system for merchandise sales sustains the development of the criminal underworld. It is virtually impossible to ensure accounting, reporting, and monitoring of the coupons in the stores. This provides an opportunity to use coupons repeatedly to purchase goods, steal, and engage in other machinations. Coupons have become a speculative commodity. About 40 percent of the customers polled in November 1990 noted that they had come across such cases. At the outset of the period of couponization, the ratio of coupon prices was 1:0.8—speculators asked R0.80 for a one-ruble coupon, whereas in December the same coupon cost R0.3 on "the black market." That is, a peculiar inflation of the coupons has occurred! Coupons worth more than R0.5 million were found on just one dealer apprehended by the militia.

The sociological survey taken once again confirms the lack of prospects for all kinds of administrative methods for the distribution of goods to the populace in the environment of an emerging market. Such methods do nothing but exacerbate the situation, even given the current complex environment of the consumer market. Cards, coupons, and passports diminish the role of normal, civilized goods-and-money relations, and destroy the system of financial incentives. Consequently, they do not lead us to the market but rather take us back to the past.

## GOODS PRODUCTION, DISTRIBUTION

### Lithuanian Trade Minister Predicts Goods by 1994

914D0186A Vilnius LETUVOS RITAS in Russian  
15 Feb 91 p 3

[Interview with Albertas Sinevicius, Republic of Lithuania minister of trade, by LETUVOS RITAS correspondent A. Maldekiene: "When Can an Improvement Be Expected? Perhaps, in 1994..."]

[Text]

[Maldekiene] At present, many people are afraid that goods will stop reaching Lithuania because of the political upheaval.

[Sinevicius] Nonsense. There are a lot of goods. Of course, there are difficulties. We receive next to nothing from the Ministry of Industry because there is no agreement on prices. To put it plainly, the products manufactured go to warehouses rather than to trade. However, we have also been accumulating goods from last year on. The stocks are not all that small. Despite the circumstance mentioned, before 25 January Vilnius got 16.8 percent more goods, or 12.044 million rubles [R] more, than last year (after all, at the time we lived in virtual heaven). In Kaunas there were correspondingly 53.1

percent more goods (or R14.442 million), and in Siauliai 25.8 percent more goods (R3.930 million).

Last year, Lithuania succeeded in shaking loose from the Union fund all imports that had been previously earmarked for us. Despite the economic blockade, R209.4 million worth of imported goods were received last year, or 99.9 percent of the amount planned. Deliveries of some goods even exceeded expectations: knitted goods by R10 million, hosiery by R12 million, and fur products by R2.2 million. To be sure, deliveries of garments fell short by R25 million, but the amount not supplied is already en route, and we will have it soon. Last year, the Kotton factory in Kaunas was stopped for four months. Nonetheless, the residents of the republic received hosiery, pantyhose, and socks worth R115.6 million, which is R12 million more than planned and R7 million more than in 1989. Such products worth R58 million were shipped beyond the borders of Lithuania (in 1989, R110 million). Goods worth R431 million (80 percent of the 1989 level) were exported within the framework of interrepublic deliveries. Clothing worth R65.3 million remained in the republic on top of the market allocation; this was R55 million more than in 1989. You may complain that I give too many statistics, but they are the best answer to your question.

[Maldekiene] Our opponents stress that the interests of USSR citizens are being encroached upon in Lithuania (servicemen, KGB and MVD [Ministry of Internal Affairs] employees, and residents of Snieckus).

[Sinevicius] I talked to Varennikov. He also began to outline gripes. So, I answered: Hold it, comrade general. Here are the statistics. According to the plan, the population of Snieckus was supposed to receive 2,005 tons of meat, and they received 2,062 tons, the Ministry of Defense received 1,817 tons instead of 1,818 tons, and the KGB—96 tons instead of 88. The Trade Administration for Servicemen received 24 tons less meat than promised, but 37 tons more sausage. They were given less cereals and macaroni, but considerably more cheese, and they were happy. These consumers received fewer eggs, and less sugar, margarine, vegetables, and canned goods. However, such is the lot of all the inhabitants of Lithuania. In general, they receive precisely the same provisions as everyone else in the republic. Of course, we are not aware of how many officers have recently arrived from Germany or someplace else. However, this is a quite different issue.

[Maldekiene] Should price increases be expected?

[Sinevicius] Prices are rising like tidal waves. Whatever they might say, this is inevitable. I agree that the recent (instantly revoked) price increase was unfortunate. The

only good thing is that they did not blame trade for this, that is, they understood that we, trade employees, were not to blame for everything. The compensations envisaged were unsound. I believe that approximately 80 percent of increases should be offset. Unfortunately, it is hardly possible to offset the growth of prices for imported goods. Last year, such goods worth precisely R1 billion were received (this is one-quarter of total proceeds). This year, the situation is going to be considerably worse. Besides, the volume of output of our industry is declining.

Let us look at footwear. Approximately 11 million pairs are produced: 3.6 million pairs for men, 4 million pairs for women, and 3.7 million pairs for children. Previously, 12.5 million pairs of shoes were produced in Lithuania per year. Specifically, 535,000 pairs of warm shoes for men, and still fewer shoes for women, 257,000, are allocated to retail establishments. Previously, imports accounted for 37 percent of sales. However, there clearly was not enough imported footwear even then. Now we will have even less. How is this the fault of trade?

[Maldekiene] So, what are our prospects?

[Sinevicius] Goods will appear in the stores after prices change. This may happen in 1994. The time to look for partners and conclude transactions is now. We should guarantee reliability to our partners. Meanwhile, some of my colleagues have not grasped this yet.

## PERSONAL INCOME, SAVINGS

### Index of Prices, Tariffs on Paid Services Listed by Republic

914D0188A Moscow *EKONOMIKA I ZHIZN*  
in Russian No 2, Jan 91 p 16

[Article by V. Golovachev: "It Is Still Not Evening"]

[Text] It is done. USSR Goskomstat [State Committee for Statistics] has finally commenced a systematic accounting of indexes of prices and tariffs for paid services for the population. The base for the study: a registration of prices and tariffs at enterprises in the sphere of paid services in 151 oblast, kray and republic centers.

Many interesting facts can be drawn from the latest Goskomstat data. It would appear that the prices have increased somewhat. On the whole, the prices for paid services increased by two percent. No changes were noted in communications services and the prices for passenger transport services increased by only 0.1 percent.

**Indexes of Prices and Tariffs for Paid Services for the Population by Union Republics (Prices for first 6 months of 1990 in % of prices for first 6 months of 1989)**

|                 | Consumer Services | Housing and Municipal Services | Services of Cultural Institutes | Paid Services for the Population—Overall |
|-----------------|-------------------|--------------------------------|---------------------------------|--|
| USSR            | 106.0             | 100.1                          | 109.5                           | 102.0                                    |
| RSFSR           | 107.8             | 100.2                          | 109.3                           | 102.2                                    |
| Ukrainian SSR   | 104.6             | 100.1                          | 118.2                           | 101.6                                    |
| Belorussian SSR | 103.6             | 100.0                          | 113.6                           | 101.7                                    |
| Uzbek SSR       | 107.3             | 100.0                          | 100.0                           | 102.3                                    |
| Kazakh SSR      | 102.6             | 100.02                         | 104.5                           | 101.6                                    |
| Georgian SSR    | 107.7             | 100.0                          | 95.7                            | 101.9                                    |
| Azerbaijan SSR  | 104.5             | 100.0                          | 100.0                           | 101.4                                    |
| Lithuanian SSR  | -                 | 100.0                          | 96.1                            | 99.7                                     |
| Moldava SSR     | 100.0             | 100.0                          | 107.6                           | 100.4                                    |
| Latvian SSR     | 107.9             | 100.0                          | 107.7                           | 102.2                                    |
| Kyrgyz SSR      | 104.2             | 100.0                          | 100.0                           | 101.4                                    |
| Tajik SSR       | 114.2             | 100.3                          | 100.0                           | 104.5                                    |
| Armenian SSR    | 99.4              | -                              | 110.3                           | 100.8                                    |
| Turkmen SSR     | 103.1             | 100.6                          | 109.1                           | 101.8                                    |
| Estonian SSR    | 101.8             | -                              | -                               | 100.9                                    |

True, statistics nevertheless point to some fluctuations in prices. Thus visits to bathhouses and showerbaths are twice as expensive in Latvia. In Armenia, for example, the price index for the repair of footwear declined by 10.2 percent, while on the other hand the sewing of footwear increased by 23.1 percent.

Let us analyze Goskomstat's data. The price index for the repair of sewing products in the RSFSR over the past six-month period amounted to 99.8 percent, that is, it declined. It is not clear how this could have come about. Indeed the repair of sewing products is unprofitable in all areas and is almost always carried out reluctantly, as the saying goes, in dressmaking and tailoring establishments. And suddenly, somebody somewhere lowers the price even more.

Generally speaking, it is difficult to understand how it is possible to calculate an index for services that are impossible to obtain. What sense does it make if the cost for apartment repair work increases by 2.2 percent throughout the country? Indeed, at the present time an order for such repair work is accepted from us at best a year in advance. The price indexes for the repair and technical servicing of motor transport equipment (104.5) and the manufacturing of furniture (103.6) are just as ridiculous.

However, it is not believed that this situation will continue for very long. Soon the prices for services will move over to the side of demand. The railroad workers

and aviators have already announced this fact. Nor are the communications personnel or municipal workers concealing their intentions. In short, it is still not evening.

#### **Workers' Standard of Living Reported Down 24 Percent**

914D0188B Moscow ARGUMENTY I FAKTY  
in Russian No 16, Apr 91 p 5

[Article by L. Pronina, Candidate of Economic Sciences: "How Much Has the Cost of Living Increased?"]

[Text] How much has the cost of living increased? In order to answer this question, let us make use of the concept known as the cost of living index. This is an indicator of the extent to which an increase has taken place in man's expenses for purchasing those goods and services (with the quantities specified) which he enjoyed prior to the increase in prices. It can be calculated based upon the cost of the consumer baskets and also the size and structure of the average per capita total income of families. We carried out our calculations based upon the latter indicator.

Thus, in 1989 the average per capita total income for the families of manual and office workers amounted to 159 rubles. This is the amount, on average (average statistical), a worker spent for life. In the process, 30.6 percent of his income, or 48.7 rubles, was spent for food (see Table).

**Approximate Calculation of Indexes of the Cost of Living for Blue Collar Workers, White Collar Workers, and Pensioners After Implementation of the Retail Price Reforms (According to the 1989 Structure of Consumption)**

|   | Use of Average Per Capita Total Income in Families |                  |                               |                  |   |                  |                               |                  |
|---|--|------------------|-------------------------------|------------------|---|------------------|-------------------------------|------------------|
|   | Manual and office workers                          |                  |                               |                  | Pensioners from among manual and office workers in the families of which there are no working members |                  |                               |                  |
|   | Prior to retail price reform                       |                  | Following retail price reform |                  | Prior to retail price reform  |                  | Following retail price reform |                  |
|   | % of income  | rubles per month | increase in prices, in %      | rubles per month | % of income   | rubles per month | increase in prices, in %      | rubles per month |
| For food  | 30.6   | 48.7             | 213*                          | 103.8            | 52.1  | 57.3             | 193                           | 110.7            |
| Including:  |  |                  |                               |                  |   |                  |                               |                  |
| —meat and meat products                                   | -  | 11.2             | 350                           | 39.2             | -   | 9.7              | 350                           | 34               |
| —milk and dairy products                                  | -  | 8.5              | 179                           | 15.2             | -   | 9.8              | 179                           | 17.5             |
| —grain products   | -  | 4.9              | 304                           | 14.9             | -   | 5.5              | 304                           | 16.7             |
| —eggs   | -  | 2.9              | 200                           | 5.8              | -   | 3.1              | 200                           | 6.2              |
| For non-food goods  | 32.1   | 51.0             | 166                           | 84.8             | 22.0  | 24.2             | 155                           | 37.6             |
| including:  |  |                  |                               |                  |   |                  |                               |                  |
| —for fabric, clothing and footwear                        | 17.7   | 28.1             | 179                           | 50.3             | -   | 12.3             | 243                           | 29.9             |
| For alcoholic beverages                                   | 2.8  | 4.5**            | 100                           | 4.5              | 3.8   | 3.2              | 100                           | 4.2              |
| For cultural and consumer services                        | 9.9  | 15.7             | 150                           | 23.6             | 11.1  | 12.2             | 150                           | 18.3             |
| Taxes, duties, payments                                   | 9.9  | 15.7             | 105                           | 16.5             | 0.6   | 0.7              | 100                           | 0.7              |
| Other expenses  | 4.9  | 7.8              | 100                           | 7.8              | 7.8   | 8.6              | 100                           | 8.6              |
| Family savings (increase in cash, investments and others) | 9.8  | 15.6             | 100                           | 15.6             | 2.6   | 2.8              | 100                           | 2.8              |
| Total   | 100  | 159              | 164                           | 261.1            | 100   | 110              | 166                           | 182.9            |

\*Calculated percent of increase in prices is for groups of goods

\*\*Conditionally accepted retention of pre-reform price level in view of absence of data on price changes.

In order for an individual to maintain this same consumption level, that is, to purchase the needed quantities of meat and sausage, bread, vegetables and clothing following the increase in prices, he must have an annual per capita income of not less than 261 rubles per month. I emphasize that the amount must not be less than this figure, since our calculations are approximate in nature (the increase in prices for certain groups of goods was not taken into account). Moreover, we considered only the one price level—the officially published one—and today we already have free prices for 30 percent of the goods and contractual prices for a portion of them. Beyond any doubt, given the shortage in goods, this fact must not be ignored.

But let us return to the official statistics. Thus, the living expenses for an individual have increased on the average by 102 rubles, or by 64 percent.

The cost of living index for pensioners increased by 66 percent, since their average per capita total income was

lower than that for manual and office workers—110 rubles—and thus here we have another consumption structure. For example, a pensioner spends 52.1 percent of his income for food. Thus, for a pensioner to maintain his former consumption structure, that which prevailed prior to the increase in prices, his average per capita total income must today be increased by 73 rubles and amount to not less than 183 rubles.

How did our standard of living decline?

Based upon the fact that the average wage, following the introduction of compensation (60 rubles), increased by 25 percent and the cost of living index by 64 percent, we drew the conclusion that the standard of living for manual and office workers declined by 24 percent (compared to 1989).

For pensioners (taking into account compensation of 65 rubles and an average pension amount of 117 rubles), the

standard of living declined by seven percent. Is this a paradox? Certainly not. Indeed, their standard of living was considerably lower than that for manual and office workers. And the compensation which was paid out in an absolute (firm) amount following the increase in prices turned out to be more profitable (undoubtedly from a comparative standpoint) for those pensioners receiving a low pension amount. Thus, for example, the income of those who received the minimum pension (70 rubles) increased by almost twofold—to 135 rubles. However, it has still not reached today's minimum wage for a pensioner according to age, which is 165 rubles. Yes and a pensioner with the average pension amount according to age—together with the compensation receives only 17 rubles more than the living wage. Thus, just as in the past, pensioners find themselves in a very deplorable situation.

### Kyrgyz Minister Isanov On Necessity Of New Prices

914D0187A Bishkek SLOVO KYRGYZSTANA  
in Russian 2 Apr 91 p 1

[Interview with N. Isanov, prime minister of the republic, by a Kyrgyz News Agency correspondent]

[Text]

[Correspondent] We awaited the reform in retail prices and its announcement did not come as a surprise. What will happen—if there is no reform?

[Isanov] A catastrophe. According to the opinion of specialists, the prices for the principal types of products have not changed in 20-30 years. The notion that everything in our country is very cheap has firmly taken root in the consciousness of our Soviet individual: apartment, transport, products. Special pride exists concerning price stability for these items. As production has increased and become more complicated and as improvements have been realized in the quality of goods and services, everything to the contrary has become more expensive throughout the world. And this is natural. Production is becoming more science-intensive and technically and intellectually complicated and this means more expensive.

We have held the prices at a certain artificial level in the manner of a screen. And frankly speaking we now find ourselves in a blind alley.

The decision regarding reform was a delayed one. The problem actually arose some time ago. However, when the USSR Council of Ministers brought this question to the attention of the deputies for the very first time, the reaction was, if you recall, as though a bomb had exploded. The time which has elapsed since then has worked against us and against the economy.

[Correspondent] Today the enterprises themselves, especially those which produce consumer goods, are beginning to speak out in favor of the reform.

[Isanov] Quite true. The basic branches, such as power engineering, long ago raised the prices for their products. Under these conditions, even profitable production operations immediately became unprofitable as a result of low retail prices. The reform is a necessary measure. It is creating the foundation for entering the market economy. In this instance, we have in mind stimulating the initiative of people and their interest in the results of their labor. The prices must become a reliable instrument for measuring the effectiveness of work and its usefulness.

[Correspondent] Could you please discuss social protection for the population?

[Isanov] The agreement by the USSR and the republics, as published in the press, concerning the questions of retail price reform and social protection for the population and the protocol and other documentation, it must be admitted, arose as a result of problems. The complicated nature of the question derived from the need for finding the most effective and fair methods for compensation. Thus the idea of paying compensation to a child, to a worker, to a pensioner and so forth—on an individual basis—was born.

And now, for example, let us take a family in which there are seven children. If we do not take into account the municipal population, then this represents the average statistical family in our republic. This family receives 470 rubles in various types of grants alone and its overall compensation amounts to 1,560 rubles annually.

[Correspondent] But where can such money be obtained? Especially when our republic itself requires a state grant

[Isanov] You are correct. It turned out that prior to the end of the year we needed 3.2 billion rubles for compensating the population. Kyrgyzstan will obtain only 2.1 billion rubles as a result of the impending increase in prices, with the other republics furnishing the remaining amount of money. Those whose economic structures are more favorable and where, in particular, more consumer goods are being produced.

Certainly, this is a temporary measure. As is known, our economy is basically a raw material economy and yet is this really only our fault? Years are required in order to correct the situation. In the meantime, the residents of such republics as Kyrgyzstan will receive assistance from a specially created unified union-republic financial fund for social support for the population.

[Correspondent] Can the republic itself change the prices?

[Isanov] If you paid attention, the list of goods published in the press is very general in nature. Detailed elaboration and the preparation of specific price lists is entrusted to the republics themselves. At the present time, specialists are engaged in carrying out this work.

The trend here is as follows: guided by the agreement reached by the USSR and the republics on implementing the overall policy in the area of price formation, the center establishes an upper price level for a number of goods. The republic governments can themselves establish lower prices for certain goods.

[Correspondent] Are you taking advantage of this right?

[Isanov] If we choose a further reduction in prices, after literally rejecting a compensating subsidy, then this will probably be viewed as unethical from the standpoint of the other republics. Only a very limited range of goods will benefit. In particular, our prices for national types of bread and some semi-finished goods made from flour will be lower than those throughout the country as a whole.

[Correspondent] And higher?

[Isanov] This would be an exception. Although such proposals did appear. In particular, from the Baltic republics, where traditionally the economy is oriented towards the production of consumer goods and where considerable income is realized from increased prices. It bears mentioning that they did in fact appear, even though the remaining republics were unanimous: against establishing prices higher than the upper limit.

[Correspondent] The store shelves are almost empty. Will goods now appear and for how long?

[Isanov] I believe so. My opinion is based upon the following indication: our production level for consumer

goods and food products remains almost the same as always and yet nothing is available in the stores. There was a period, if you recall, when color television sets were not selling and this also applied to tape recorders and stereo systems. There was no decrease in the numbers of these items. Everything was swept clean and the rush demand literally for everything continues. Today in all probability there will be no mass buying up of goods. Moreover, the increase in prices, as awaited by the specialists, will change sharply the structure of consumption. The people will adopt a more thrifty approach with regard to the products.

And the most important aspect—the retail price reform must serve as a lever for sharply increasing the production of goods and food products. It will stabilize production, decrease losses and stimulate further progress. If this does not happen, then it will be impossible to avoid another outbreak of inflation. The reform is not a panacea for all of our troubles, but rather it represents only the beginning of the path to be followed. Similar to the trend towards a higher cost of living, the trend towards inflation is continuing.

This must be discussed in an honest manner. And certainly the chief measure for protecting the population is not just any type of compensation, but rather improvements in productivity and the quality of labor. More goods are needed, as much as possible, if the prices are to be stabilized in a rapid manner. And we will live just as we work. Many discoveries, including unpleasant ones, await us along the path leading to the market. But there is no other way.

## ENERGY COMPLEX ORGANIZATION

### Energy Supply Problems Assessed

#### Uzbek Supply Decreases

914E0085A Tashkent PRAVDA VOSTOKA in Russian  
29 Mar 91 p 1

[Interview with Uzenergonadzor [Uzbek State Inspectorate for the Oversight of Power Engineering] Chief Engineer Abduvali Ganiyevich Kadyrov by UzTAG correspondent N. Shulepina under the rubric "Topical Interview": "On the Threshold of an Energy Crisis?"]

[Text] *The influx of electric power to the power system of Uzbekistan has dropped. Restrictions have been imposed for industrial enterprises. UzTAG correspondent N. Shulepina discusses the difficult situation in the sector with the chief engineer of Uzenergonadzor, A. Kadyrov.*

[Shulepina] Abduvali Ganiyevich, what has caused these disruptions in the supply of power?

[Kadyrov] A similar situation was observed five years ago. Water levels were low, and power generation at hydroelectric power plants dropped sharply. But at that time neither the population nor enterprises felt it—power generation was increased at thermal electric power plants. No special problems were expected this year either, when the passage of water from a number of reservoirs was reduced. But the overall imbalance of the mechanism of economic operation in the country has affected power engineering as well. The utilization of GRESs [state regional electric power plants] has to be increased, but the supply of gas to individual plants dropped this winter. The reserve fuel—fuel oil—is also in short supply. Two power units of the Tashkent GRES were shut down due to this. The Novoangrensk GRES, using principally coal, could not be brought to full power. Another problem arose here as well—a shortage of qualified personnel.

We were forced to move to restrictions on the supply of power. The consumption of electric power was proposed to be cut by up to ten percent at the Almalyk Metallurgical Combine, the Uzbek Combine for Refractory Metals, the Fergana Nitrogen Fertilizer Plant and a number of others. The larger industries have opportunities for maneuvering. Reductions of 5-7 percent were prescribed for all remaining enterprises, excepting only those in the food and pharmaceutical industries.

[Shulepina] That means that Energonadzor is intentionally lowering the level of consumption so as to preserve a balance?

[Kadyrov] We are continuously tracking the load on the power system. Our inspectors are working without days off these days. We make up to fifty surprise trips to enterprises every day. We are checking to see that there have been no unauthorized hook-ups.

[Shulepina] What steps are envisaged during emergency periods?

[Kadyrov] In such cases we will be forced to require that enterprises utilize their equipment at night and do repairs during the day. A cutback in street illumination is also envisaged. The prospects, as you see, are not better when the balance is upset. They understand this at many enterprises. And all of our inspections show that there is a body of consumers that is using power wastefully. The fines that are provided for, unfortunately, are paltry.

By way of example, at Chirchikselmash we detected that the equipment was not being fully utilized, and that there were leaks of compressed air. One and a half million kilowatt-hours had been expended for nothing over the year there. More than two million kilowatt-hours were expended on the output of rejects. There is a reserve for power conservation. If a circulating water system were incorporated at the plant, they would conserve hundreds of thousands more kilowatt-hours. The results of inspections showed that machine tools were idling or ovens were not being used at one out of every four enterprises in the republic. And here are the statistics for the year—133 million kilowatt-hours of power were expended for nothing.

[Shulepina] Strict economy will help solve the problem of power shortages?

[Kadyrov] They installed economical new lines in ammonia production at Chirchik Elektrokhimprom. This made it possible to cut the consumption of power by tens of thousands of kilowatt-hours. If only it were so everywhere! But the adoption of resource-conserving technology requires major capital spending. And the share of power in the cost of products is not high.

In the West, when power became scarce, the laws of the market were activated—its price went up sharply. That forced reductions in the power-intensiveness of industries. We are also counting on raising the rates for thermal and electric power in expectation of the market. They will go up by half, on average. But the prices for fuel have tripled.

The price per kilowatt-hour for the public has not changed. This is undoubtedly an important social measure. But an extra light burns in one out of three families, and electric power is used to heat residences. The consumption of electric power went up especially sharply this winter, which aggravated the situation. Substations and transformer stations were overloaded in Fergana Oblast. Hundreds of grid transformers broke down, and it was moreover impossible to restore a large portion of them. Populated areas, farms and workshops were disconnected from the power system for that reason. The picture is the same in other oblasts as well.

Power capacity should triple in Uzbekistan by the year 2010. But even with the realization of those plans, no amount of power will be enough if we waste it.

### Moscow on Threshold of Crisis

914E0085B Moscow MOSKOVSKAYA PRAVDA  
in Russian 17 Apr 91 p 2

[Article by USSR Academy of Sciences Corresponding Member L. Popyrin: "The Stacks Lower, the Smoke Closer"]

[Text] *Moscow is on the threshold of a power crisis. The construction of new TETs [heat and electric power plants] has been halted due to the protests of residents, who are proposing the construction of boilers—not taking into account that the smokestacks are lower, and the smoke is closer.*

Our country is entering a state of chronic power crises. A shortage of electric power is hindering industrial production in many regions of the country even today. The situation will get worse in the next three or four years. Escape from the crisis situation is seen sometime after the year 2000.

A most important question is whether Moscow will avoid being drawn into the crisis. The only answer that can be given today is that Moscow stands on the threshold of it. The first major step has moreover been taken—the adoption of a resolution to halt the construction of the Northern TETS by the Moscow City Soviet [Mossoviet].

The problem of power sufficiency in Moscow is very complicated. It encompasses many aspects of the development of the city for the next 10-20 years. The necessity of considering such a long term is caused by the long duration of the construction of power facilities. The construction of a heat and electric power plant (TETs), as a rule, takes 12-15 years, while the construction of a major boiler takes up to five years. The decision to construct a TETs in the northern part of Moscow was thus made in 1979. This specific feature of the development of power engineering must be taken into account when evaluating the decisions being made today. Both good and bad decisions will have no immediate effect on the quality of power sufficiency. Their results will be manifested in 5-10 years.

A process of re-interpretation and alteration of the goals and tasks of economic development of the national economy is gaining force in our country today. This process cannot but affect a reconsideration of the principal aims and tasks being resolved in determining the long-term development of power engineering in Moscow. The requirements for safety and ecological cleanliness are rising sharply, while the requirements for reliability of the power supply are being tightened.

Priorities are changing in more than the consciousness of Muscovites alone. It is occurring everywhere, including among the inhabitants of neighboring oblasts. The program of building nuclear power plants in neighboring oblasts has been sharply curtailed, taking into account

the demands of the inhabitants. These oblasts themselves will experience shortfalls of electric power in the near future as a result.

The natural way out of these conditions for Moscow is a reinforcement of the intrinsic power base. The Mossoviet has made the direct opposite decision—to halt the construction of the Northern TETs. This decision does not take into account the special role played by the Northern TETs in the plans for power engineering development in Moscow. The point is that the Northern TETs is the sole source of electric power that could be built for the Moscow power system before the year 2005. Much has already been done over the last 11 years, and the first units of the TETs could be put into operation in 3-4 years. There is currently no work in progress on any other electric power plant. The question of ways of providing the city with electric power after 1995 thus remains an open one.

An increase in the consumption of electric power in Moscow is inevitable and conditioned by an increase in the utilization of electric power for social purposes, the improvement of working and living conditions, the electrification of many manufacturing processes, a rise in labor productivity and improvements in the ecological situation. An increase in consumption of 20 percent is expected in the period before the year 2000, and 35 percent by 2010. The development plan for power engineering in Moscow that has been developed by Mosenergo [Moscow Regional Power Administration] assumed that this increase in electrical consumption would be covered to a considerable extent by the Northern TETs. The decision of the Mossoviet has disrupted the fulfillment of that plan, and restrictions in the consumption of electric power are expected for Muscovites instead of an improvement in living and working conditions. The consumption of electric power is already restricted for industrial enterprises today.

The modernization of old Moscow TETs will be reduced or curtailed entirely as a consequence of the shortage of electric power, and the opportunity of a substantial improvement in the air quality of Moscow will disappear. The point is that the opportunity appears, during the modernization process, to organize the more efficient removal and dispersion of combustion by-products into the air, as well as to install more economical equipment. The construction of smokestacks 180-250 meters high, instead of 50-70 meters, is possible in particular. The realization of these measures at the TETs-12 made it possible to reduce the concentration level of harmful substances in the ground layer of the air by 5-8 times. This way of improving the air quality of the city is also possible for TETs-9 and TETs-11, among others. The modernization of units at old TETs, however, requires their sequential removal from operation for 1-1.5 years, and the availability of a certain surplus of capacity in the power system is thus an indispensable condition of this modernization. The start-up of the Northern TETs would create such surplus capacity.

Today there are no answers to the more complex questions of the prospects for the development of the heating-supply system for the city. We note that the annual fuel consumption for the generation of heat is twice as high as for the generation of electric power. The power engineering of Moscow is thus based on the highly economical cogeneration of heat and electric power at TETss. There are currently 15 operating TETss, supplying a large portion (70 percent) of the heat consumed by the city. The five newest and largest TETss are moreover located at or outside the city limits. The remainder of the heat comes from 26 large boilers and 2,000 small ones.

The heat sources operating in the city are insufficient to cover the load when the air temperatures are low. The reliability of heating supply does not satisfy the requirements posed by the inhabitants of the city. A most critical situation has taken shape in the northern and eastern parts of the capital. The northern part is supplied principally from the heavily overloaded TETs-21 and TETs-23. Evaluations have shown that the reliability of heating supply for that part of the city does not exceed 60-70 percent, in the face of standard requirements of no less than 97 percent. A major accident can be expected at any moment during a deep freeze. Three warm winters have spared the city from very great trouble.

One also cannot forget the major accidents in Moscow in 1979 and 1986. Tens of thousands of apartments, kindergartens, schools and hospitals were left without heat during those accidents.

Such is the situation today. Further growth for Moscow is being planned for the future as well. The rate of that growth could be high or low, but growth is inevitable. The increase in the city's requirements for heat over 10 years, according to estimates, has been determined at 20 percent, and 33 percent over 20 years. The start-up of the Northern TETs, the construction of a new TETs in the southeast and the overhaul of the TETss operating in the city were all envisaged in the plans of Mosenergo to cover the existing shortages and the increase in requirements for heat and electric power in the city. Both new TETss are being built outside the ring road.

The refusal of the Mossoviet to build new TETss fundamentally alters the ways of providing the city with heat. It is being proposed to cover the increase in requirements for thermal power through the construction of 18 large boilers in the city before the year 2000, and 28 boilers before the year 2010. The principal argument in favor of that approach is the elimination of electric-power generation in the city, thereby reducing the amount of fuel being burned. The construction of such a large quantity of boilers will scarcely adorn the city. These boilers must be constructed in the areas of the Altufyevskiy Highway, Pechatnikov, the town of Severnyy, the platforms of Severyanin, Tayninskaya and Startovaya streets etc. The overwhelming portion of the heat sources will be concentrated in two places, beyond the city limits, in the construction of the two new TETss.

The existing TETss and boilers in Moscow are making a significant contribution to the air pollution of the city. One cannot judge the magnitude of this contribution, however, by the amount of harmful substances being discharged alone. The height of the smokestack has a decisive impact on the effectiveness of the removal and dispersion of combustion by-products into the atmosphere and, consequently, the level of concentration of harmful substances in the ground layer of the atmosphere. The lower the stack, the greater the contribution made to air pollution at the ground layer.

There are about 9,000 smokestacks in Moscow in all, the majority of which (97 percent) are under 50 meters in height. All the boilers and some of the older TETss are included in that majority. Modern TETss have a stack height of up to 250 meters. A smokestack at that height provides for the removal of  $\frac{2}{3}$  of the harmful emissions far beyond the city limits. Conversely, at a height of 50 meters or less virtually all of the harmful emissions remain in the city and within a radius of 3-5 kilometers around the stack.

A comparison of the ecological consequences of the Mosenergo version of constructing two TETss outside the city with the version of building large boilers shows that the ecological situation in the city, notwithstanding the decrease in the fuel being burned, will be worse with the rejection of TETs construction.

The city, as can be seen, will not be provided with a sufficient quantity of electric power—while a worsening of the ecological situation is inevitable, the reliability of the supply of heat to the residents will drop and the possibility of catastrophe cannot be ruled out—with a rejection of the Northern TETs. All of this is too serious for making such important decisions without the consideration of all possible consequences by skilled specialists, and on the basis of emotions and other considerations that have no direct relation to the matter.

#### **USSR Commercial Bank to Assist Development of Electroenergy Sector**

914E0083A Moscow NOVAYA STROITELNAYA  
GAZETA in Russian No 4, Jan 91 p 3

[Interview with V. Muzhitskikh, chairman of Elektrobank, by NOVAYA STROITELNAYA GAZETA correspondent Mikhail Ziborov: "Credits from 'Elektro'"]

[Text] Our correspondent talks with Viktor Muzhitskikh, chairman of Elektrobank, about the new commercial bank and the prospects for the development of the banking system in the year which has begun.

[Ziborov] The number of commercial banks in our country is becoming ever greater. And now one more has made its appearance, with the somewhat unusual title—Elektrobank. What are its tasks?

[Muzhitskikh] One can consider that the appearance of Elektrobank is, in essence, the rebirth of the joint stock

bank for electrification which operated in our country in the years 1924-1928 and which made a significant contribution to the realization of the GOELRO plan. And, it should be noted, today the need for such a kind of banking institution is not a bit less than it was over 60 years ago. The fact is that now an enormous number of problems have accumulated in our power engineering industry. The sector is in a very complex financial state and the internal resources of the enterprises and organizations are not enough to put electric power engineering into proper condition. Today reserve capacities need to be created in order to even out the imbalance in the power supply of a number of the country's regions. Many of the sector's enterprises need modernization, reconstruction and equipment replacement. And all this is our bank's sphere of action. We intend to contribute to the development of electric power engineering by loans, settlement transactions, and any other kind of bank services.

In the long term we contemplate turning Elektrobank into the country's central organ for making loans to, and also, to all appearances, for the financing of regional and local programs for the development of electric power engineering and the associations connected with it, and the enterprises and organizations of the machine-building, metallurgical, chemical, timber, gas and other sectors of the national economy.

The bank's clients will be not only enterprises but also cooperatives and individuals who are engaged in individual labor activity.

[Ziborov] And what are the financial resources of Elektrobank? Who are its founders?

[Muzhitskikh] Our capital fund (ustavnyy fond) is 102 million rubles. This will permit the bank to grant loans for a total amount of indebtedness of R1.9 billion. By a decision of the founders and the Council of the bank's board of management and by agreement with the RSFSR Gosbank [State Bank] measures will be taken to issue shares after the Law on Stock Issuance (aktsionirovaniye) is published in the Russian Federation. This will permit us to raise the capital fund to R300 million and to grant loans for an amount of up to R5.5 billion. Such a capital is the basis for regarding our bank as one of the country's most important commercial banks.

Our founders include the construction organizations of the electric power engineering industry, enterprises producing electric power, a number of commercial banks and other organizations.

[Ziborov] To some degree you have been lucky in comparison, let's say, with the specialized banks. They have been forced to rebuild a developed structure and to demolish established stereotypes. It's easier for you in this sense—you can write your history on a clean sheet. Will some kind of significant step forward be made by your bank in comparison with the rest of the banking system?

[Muzhitskikh] Of course. We have good possibilities of computerizing our banking service, having connected it into a unified network in the process. I am thinking of utilizing the special communications channels of the USSR Ministry of Power [and Electrification] for this, to which the computer systems both in the center and in the local Elektrobank branches will be linked. This will permit spare credit resources available, let's say, in Magadan to be transferred the same day for use in our branches in the Ukraine or Belorussia. And time, if we're talking about the length of banking operations, is, in the most literal sense of the word, money. You see, at present, when settlement transactions take a week or 10 days, vast credit resources are not at work. They are "on the way." Because of this enterprises and commercial banks have to attract fairly large additional funds in order to compensate for this "wandering" money.

[Ziborov] Do you plan to create many branches and in what territories?

[Muzhitskikh] Already during 1991 we plan to open up to 25 branches, departments and authorized representations in various regions of the country. According to the charter we have been granted the right to open branches over the entire territory of the USSR as well as representations abroad.

[Ziborov] A number of decisions related to the implementation of interest rate policy have been taken lately. And the commercial banks quite validly are sounding the alarm that their revenues are being drastically restricted. How do you intend to escape from this situation?

[Muzhitskikh] Very simply. We simply don't strive for "super-revenues."

[Ziborov] On the principle of yogi asceticism: if I don't have something, then I don't need it?

[Muzhitskikh] Not quite so. We simply intend to organize our work this way so that its financial results would be directly dependent on the economic situation of the clients. That is, the main task is not to squeeze out the maximum profit from a client but to create a system of maximum favorable treatment for him by our interest rate policy and loan-granting conditions so as to ensure a high degree of competitiveness both for the clients and for the bank.

[Ziborov] Now I would like to turn from the problems of a specific bank to the development trends of the banking system in the year that has begun. And one of them is the formation of a considerable number of commercial banks of different magnitude. The interesting thing, first of all, is whether it will continue or will the growth in the number cease? And, secondly, what are the most serious problems that these "new-borns" are confronting?

[Muzhitskikh] The growth in the number will continue and this is quite normal for our vast country. Perhaps someone will consider this figure too bold, but the number of banks may reach many tens of thousands.

## ENERGY

True: over time the merger of a number of small banks into larger ones is inevitable. There will be 10-15 large ones and three to five very large ones. All the rest of the banks will be medium-sized and small.

As regards difficulties, they exist, moreover rather serious ones. And the first of them is the high tax. I will remind you that in accordance with the laws that have been adopted bank institutions must pay 55 percent of their profit to the state budget. When a bank has already been operating for a number of years such a task is fully within its ability. However, if it is only beginning its work, if it needs to create work-spaces for itself while at the same time solving problems of computerization and other material-technical supply questions, then it is pointless to apply so strict a tax policy. It does not stimulate the creation of commercial banks but hampers their rapid development and build-up and entry into a high enough technical level.

You see it is no secret that there are practically no normal banking institutions in our country. Their technical equipment is on the level of the 1930s. But, the fact is that this is not only a shame and a disgrace. It is more especially material outlays, losses of vast credit resources, etc. Perhaps not everybody realizes that having banking institutions that are well equipped technically is an advantage to everyone: both to the individual client and to the entire state. Therefore it is necessary to give banks the chance to "stand on their own feet." For this the Ministry of Finance, with the appropriate republic financial organs and the local authorities, would have to find a more efficacious taxation system for young banks. Apparently, in the first year the tax should amount to no more than 10-15 percent, in the second—25-30, and in the third—35-40 percent of the profit. And then, having gotten on its feet, a bank will be able to pay a higher tax without detriment to its work.

[Ziborov] Another significant trend at present is the entry of banks into the international capital market. What problems arise in this connection?

[Muzhitskikh] A number of measures directed at changing accounting and bank reporting will be required. They have to conform to international requirements (today we don't). Otherwise, we are developing a great number of programs under our present system and it will not mate with the system being used in the banks of the unified European market which will begin functioning in 1992. And enormous funds will have to be spent for the reorganization of programs, accounting and reporting. Therefore it is important that the country's central bank should act as the law-giver in introducing order here.

[Ziborov] A question which worries not only specialists but nearly every inhabitant of the country who wishes to build a garden shed, cottage, or cooperative apartment. Interest rates on loans will increase very substantially this year in connection with the commercialization of the banks. At one time you said in the pages of our paper

that the state ought to compensate the population for the difference between the "old" and the "new" interest rates with the help of certain governmental institutions. And now the new year has begun, the former "governmental" (i.e., specialized) banks are practically nonexistent, and one can't get "cheap" credit anywhere. Have these compensating financial institutions been created and who ought to be engaged in this?

[Muzhitskikh] No, they haven't been created. These questions should be resolved through the Ministry of Finance which has subsidy subdivisions at its disposal. It's hardly worth creating some kind of additional structures. In just the same way as these subdivisions now resolve the question of the financing of budgetary appropriations related to capital investments they can compensate the commercial banks from the state budget for the preferential interest rates under which, let's say, loans will be granted to the populations for housing construction or for the development of an independent farm.

There can be, let's say, also another way out. Not to compensate for the difference in interest rates from the state budget but to reduce the tax for the commercial bank which gives out loans at preferential interest rates (having set certain conditions for this, of course).

Or such a variant: in the case when banks grant loans to the population (of course, at a rather low discount rate) Gosbank sells credit resources to them at a lesser interest rate. In short, one can solve the problem if one wishes. And I think that the new cabinet of ministers will not leave this problem without attention.

[Ziborov] Thanks for the conversation.

## ELECTRIC POWER GENERATION

## USSR, Republic Electric-Power Supply Problems Viewed

914E0082A Moscow PRAVITELSTVENNY  
VESTNIK in Russian No 5, Jan 91 p 8

[Article by V. Yurteyev: "The Energy That Binds Us"]

[Text] Reporting from the main console of USSR Minenergo's Operations Control Center.

Each morning at exactly nine o'clock a telephone conference, the results of which are reported at once to the highest authorities of the country and the republics, starts at USSR Minenergo [Ministry of Power and Electrification]. All the country's regional power-engineering associations and the largest power stations go into communication with Moscow. From the reports from the field, a picture is drawn up which can define unmistakably the temperature of the social, economic, and political life of one region or another.

On this day D. Kosulko, the chief of Dneprenergoproekt [State Administration for Power System Management of the Dnepropetrovsk Region], becomes 60 years of age. In

greeting the birthday celebrant, who had gone from machinery operator of a station to supervisor of the largest power system, Deputy Minister Ye. Petryayev said that Dneprenergo had never yet let the republic or the country down and that it could teach many other regions this iron rule.

But now data from Uzbekistan lighted up the panel, and the voice of the deputy minister stiffened noticeably. The situation regarding the transmission of electricity to plants and factories, which had already been difficult, recently became still more complicated. Water reserves in the Toktogul and Nurek reservoirs are such that, if consumption is not reduced, then at the end of February the GES's will sharply reduce their loads, but in the spring there will be something for watering the cotton fields. In order to conserve water for the new harvest of cotton plants, a special decision was adopted—to restrict the release of electric power to users to the minimum.

There is still another reason for the republic's anxiety: the low skill levels of the tending personnel. Five years is still required to get permission to conduct operations independently at the most complicated electrical units, and this is where there is intermediate technical and even higher special education. When hundreds of such specialists, frightened by internationality conflicts, left Uzbekistan, it was explained that any violation of the operating rules for high-voltage installations not only is fraught with upsetting the balance of their operating precision but it also carries a direct threat to the life of the violator. Six high-powered units have been installed at the Novoangrenskaya GRES, but there are enough personnel right now only for four. Three hundred with the best specialist ratings have left.

"Uninterrupted work by power engineers is directly associated with the coal and the oil-recovery industries," says Yevgeniy Ivanovich. "They get a third of all the country's electricity, burning steam coal. The metallurgical giant at Cherepovets is on the verge of shutdown because of interruptions in the electric-power supply. The cause: irregular delivery of coal from Inta to the Cherepovetskaya GRES. It is more profitable for Arctic-region miners to sell their coal to foreign customers. Of course, barter transactions with the companies promise a visible material return, but let them ponder the fact that this exchange, which is nice for them, means that the power workers will enter the new year with a Pechora coal reserve of 285,000 tons instead of the required half-million.

"The coal situation is becoming increasingly strained for thermal electric-power stations."

"Previously we received each year 3.5 million tons of Silesian steam coal from Poland," chief of the fuel transport section of USSR Minenergo A. Shein breaks into the conversation. "This year we shall receive barely one million tons, and, moreover, that will be not for rubles but for foreign exchange. One must wonder why our country's miners are compelled to sell their coal in

order to earn foreign exchange for themselves, while the state spends it in buying coal from abroad.

"There are few who know that right now coal for Far Eastern GRES's is being brought in from the Khakasia and Urals coal basins. After the freezing trip of thousands of kilometers, the coal is dumped out from the railroad cars in briquettes of 15-20 tons, and the power workers must repeatedly drill and blast—the fireboxes of the TETs's need dust coal, not frozen lumps. Indeed, steam coal is increasingly in short supply in the country."

"We are following with great worry the work of the country's coal industry," says Ye. Petryayev. "It is reducing each year the pace of coal mining, the drop being sharp, and it is hurting power engineering. What will happen if, following the coal workers' lead, the country's production of mazut and gas, which form from 16 to 50 percent of our fuel balance, drops?"

The high responsibility and the technological and production discipline of most of the branch's working collectives will help the power workers to hold back this situation for now. Try to remember even one case of a strike by power workers. There have been none in the past year nor in the year before, although the power workers also have had many reasons for dissatisfaction with their social and economic situation.

It is no longer within the powers of some of the power workers to bring the branch out of its critical condition and to develop it surpassingly. Nationwide support is needed for the new USSR Power Program over the long term, power workers must be guaranteed a wage at the level of the first, basic branches of industry, and the USSR needs a law about electric power engineering, the power supply, and the usage of electricity.

We are living in a difficult time, when many of the bonds that unite the people, the collectives, and the republics are breaking. Energy is one of the material factors that right now firmly bind and unite us. In the first stage, the country's power systems were autonomous. Back at the start of the fifties, many of them operated in isolation from each other. But experience has shown that many of the troubles with the power supply can be avoided only where there is joint parallel operation. Right now the Central, Urals, Northeastern, Southern, North Caucasian, Transcaucasian, Northwestern, Kazakhstan and Siberian associations are included in the USSR Unified Power System. Only two associations operate autonomously: the Far Eastern and Central Asian. In order to fuse them into a single YeES [Unified Power System] ring, new thousands of kilometers of high-voltage LEP's [overhead power transmission lines] must be laid.

Our Western neighbors in Europe have for a long time now unified their power systems: the Union for Coordination of the Production and Distribution of Electricity has been formed on the continent, and the Scandinavian countries have their YeES Nordel; only insular Britain is

autonomous. The power systems of Poland, Czechoslovakia, and Hungary, as well as of Bulgaria and Romania, are operating in parallel. And so the USSR YeES was finally formed in 1978, when the Siberian power system was hooked up to it. But only two years ago did this tie become stable.

Six thousand kilometers from west to east and 3,000 from north to south—this is the magnitude of the USSR YeES, which is now evident as the indicator lights on the enormous 40-meter display wink at each other.

"All the information about the operation of the country's 100 power systems flows together here," says chief controller of the Operations Control Center of the USSR Unified Power System A. Bondarenko, "and we know at each minute of the day the situation in each part of the country.

"The Unified Power System is called 'unified' not only because it is united by high-voltage and superhigh-voltage LEP's that are thousands of kilometers long, but also by the overall responsibility and importance of our work. Depriving industry of electrical current and plunging cities and villages into darkness and cold for a couple of days are enough to demolish the national economy of any state. No one knows better than power workers the consequences of even short-term outages in the country's Unified Power System, which interconnects more than 5,000 different enterprises and more than five million kilometers of low-voltage power lines.

This is a fact. If each of the 100 power systems wanted to become autonomous, then, in order for all the customers to remain unchanged, another 15 million kilowatts of electricity would have to be added at one time to the 260 million kilowatts of capacity installed in the country. The price of construction and installation of one kilowatt of additional electrical capacity is assessed right now at more than a thousand dollars. So it is that such a move to autonomy, if someone decided on it, would cost the consumers and the whole country about \$15 billion. Well, and if the power supply just between regions of the country were to be disconnected, the price of the outlays would be \$4 billion. This is the future payment for possible disintegration of the USSR's power-engineering expanse.

But even this is not all. In power engineering, as in any other branch, reserves of capacity needed for a stable supply to consumers in the most varied situations is mandatory. The Unified Power Systems enables a much smaller reserve of capacity to be maintained than the total for each power system or interconnected power association.

The consequences of last year's major accident at the Ekibastuzskaya GRES, where two generators went completely out of operation, are still causing an exchange of shouts in Kazakhstan about losses on the order of 1 million kilowatts of electricity. This is a tenth of the republic's daily needs. If Kazakhstan were living as a separate state, all of its industry would simply die

because of the shortage of electricity. The interconnection with the power systems of Siberia and the Urals saved it, although the reserves of capacity there are not as great as one would like.

"The frequency of the current in the USSR is, under the GOST [State All-Union Standard], 50 hertz plus or minus two-tenths," says Aleksandr Fedorovich. But we do not permit such a large spread, and usually the deviation of the current's frequency within the YeES is held at the level of hundredths of a hertz. And if 50 hertz is on the display of the TsDU [Operations Control Center], it means that all the generator rotors in the USSR are operating synchronously, at one speed. This is the same speed as the generators in Poland, Czechoslovakia, Hungary, Bulgaria and Romania, since they operate in parallel with us."

"The single frequency of the current is one more bridge in the integration of the USSR and the countries of Western Europe," A. Bondarenko continued. "I participate in the work of the international commission for determining the engineering potential of parallel operation of our power systems. Its regular session will be held in February this year. Both sides understand, of course, that each can survive without the other, but the benefit of mutual collaboration promises a visible mutual advantage. Our systems are commensurable: and both they and we have on the order of 230 million kilowatts of design capacity, and also nearly identical populations. When we and the Western experts ponder the benefit of joint operation of YeES's, then the compensation for even a two-hour shift of the peak load comes to four million kilowatts of capacity, which is freed for each of these parties. And this is billions of dollars which they can save."

There are days when the reserve capacity in the USSR YeES is zero. Power workers are not superstitious people, but many of them say that thanks to nature alone and the fifth year of relatively warm winters that have hit us, we have managed to hold out at the limit of our potential for a stable power supply for our cities and villages, and for our industry and agriculture. But in some oblasts, when January cold weather flirted just a bit, a full load of all the GRES's and GES' was required, and the frequency of the current fell by two-tenths. So it is that while we do not have a stable reserve of capacity, Western Europe, which is not suffering from its shortage of capacity, will hardly be in a hurry to form a power alliance. And it is necessary to say what the Union of SSR's and its republics are losing by freezing the erection of 51 electric-power stations with a total capacity of 7.9 million kilowatts on which construction had started and by dispensing with the start of construction of another 23 large power stations of 29 million kilowatts' capacity, as well as of a number of extremely necessary trunk lines power lines to the south and to the center of the country, to Kazakhstan, and to Western and Eastern Siberia.

Last year Lenin's famous GOELRO [State Commission for the Electrification of Russia] Plan had been carried

out for 70 years. Tiring of the kaleidoscope of political, social, and economic upheavals, the country very modestly responded to this actually excellent date. Much of that which V. I. Lenin and his comrade-in-arms had planned, in speaking about an electrical Russia, was repeatedly embodied in practice. The whole world's

experience has proved the correctness of Lenin's foresight—that the new social and economic tasks could not have been resolved without a powerful base of electrification and electric-power engineering. Today the stability and might of each state are determined by its power-engineering potential.

### Lack of Policy on Industrial Accidents Deplored

914F0215A Moscow *RABOCHAYA TRIBUNA*  
in Russian 8 May 91 p 2

[Article by I. Babokin, retiree, former mining engineer:  
"Who Will Protect the Worker in the Danger Zone?"]

[Text] In 1990 close to 16,000 deaths were caused by various accidents at workplaces. Over 31,000 people became disabled due to work-related injuries. These figures are higher than those of 1989. At present almost eight million people work in conditions hazardous to their health. These are the facts. A worker's loss of life or health not only brings pain to the people's hearts or ruins the moral atmosphere at the workplace. It also means uncountable losses.

But as they say, "all is quiet on the Shipka." The government does not have a comprehensive program to ensure safe and healthy conditions at workplaces (at least, nobody knows about the existence of such). The ministries of various branches of industries are nearing the end of their days. Concerns, corporations, and other economic associations are being formed. But many enterprises are not taking sufficient measures to prevent the number of injuries and accidents from growing or bring it down.

Control over labor safety procedures is one of the duties of trade unions and government bodies, but they are rather lackadaisical in their exercise of this control. Our mass media rarely touch upon the problem, although they sometimes describe separate incidents. Unfortunately, no in-depth analysis has been done of the causes of the increase in injuries and accidents. Public organizations have been practically removed from any control over labor safety. An Association of Workers for Labor Safety has been set up but no sign of its work is anywhere to be found. One can say that the problem of improving labor safety has dropped out of the perestroika process too. The people's deputies raise numerous issues in their speeches, but they circumvent the problem of improving labor conditions and safety records.

Can we accept this kind of situation? The transfer to a market economy will inevitably aggravate many labor safety issues. The government and economic organizations can hardly cope with all this work by themselves. The only thing left for them is to involve the public.

The human factor comes very near to being the decisive one in the field of labor safety. It has been estimated that almost 80 percent of all accidents and injuries occur when workers use dangerous methods or make mistakes or intentionally violate labor safety techniques and standards. That means that the most important task is to bring some radical improvement into personnel training in order to ensure safe and efficient labor. The training should start with professional selection; it should include profound theoretical knowledge as well as mastering safe methods of work, and labor safety and industrial hygiene norms and requirements.

As enterprises are checked and examined it becomes evident that many of them have elements and areas of danger in their equipment and technology, but there are no means of prevention or protection. How can it happen that designers forget such things? If designers create dangerous or hazardous types of equipment and technological processes they should be held responsible to a larger degree.

From the experience of many countries we can see how sensible it is to punish norms violators with big fines—up to R1,000 per individual and up to R100,000 per enterprise or organization. We also have to expand the practice of bringing indemnity proceedings against an individual or organization, claiming compensation for damage or injury.

It happens often that a person's sick leave does not get paid if the individual brought about his condition by causing an accident while under the influence of alcohol. Why do we not introduce a system of benefits and bonuses for individuals and workers collectives that are trying to improve their labor safety record and reduce instances of accidents and injuries?

Control over the labor safety situation is a special concern. It is being carried out now by many organizations and trade unions (which are duplicating each other's work). Many ministries have their own departmental inspectorates for labor safety techniques and procedures. Is it not time to unite trade union technical inspectorates, departmental inspectorates, and control inspectorates of the above-mentioned state bodies into one State Committee on Labor Safety?

But even the most watchful control organ will not be able to cope if we fail to put an end to the disorganization, lack of discipline, negligence, and irresponsible behavior of the workers.

Statistical data on accidents and injuries as well as on the results of the analysis of their causes should be published more often in the central and local newspapers and broadcast on radio and TV (as it is done with figures on road accidents, crime, etc.).

The draft Law on Labor Safety needs to be publicly discussed before it goes to the USSR Supreme Soviet for consideration. If that is the case this office-born document will not turn into a still-born, neither will it add to the list of our "unemployed" laws. It will contribute to our health and our safe labor. It will help protect the working person from pain and anguish.

### RFSR Worker Solidarity: Local Roundup

914F0203A Moscow *TRUD* in Russian 27 Apr 91 p 1

[Roundup of reports on trade union demonstrations around the country, followed by commentary by V. Pisarchik, *TRUD* editor for the department of trade

union life: "Under the Banner of Worker Solidarity. Warning Protest Demonstration in Response to Call From FNPR"]

[Text]

#### **Ryazan: Hundreds of Rallies**

The collective of the Ryazan Oil Refinery, the largest in the center of the country, has been seething for several weeks. The people have been expressing their indignation about their low wages and wage leveling as well as the lack of desire on the part of the administration and the trade union committee to deal with social and daily living problems. The ones who were most worked up were suggesting a strike. But this would mean bringing things to a halt throughout all of the immense region that receives fuel from the Ryazan workers. At that time, at the rally in front of the main entrance, they all discussed what to do. Not personal indignation but a sense of deep responsibility to society took the upper hand. The administration promised to double their wages at the first opportunity. They decided to give the administration a month to straighten out the other problems.

Hundreds of rallies were held in Ryazan Oblast. Workers of the instrument plant, Krasnoye Znamya, the radio plant, and other enterprises, having aired their complaints to the government and local authorities, decided not to shut down production; it would cause too much harm to the country and to the strikers themselves.

"A demonstration of social protest is a very strong weapon," says A. Govorov, Ryazan trade union committee chairman. "We resorted to it because otherwise the problems would not have been solved. Prime Minister V. Pavlov stated at the plenum of the VKP [General Trade Union Confederation], as has been done for dozens of years, that we must work and not complain. For the second year in a row the local oblast ispolkom [executive committee] does not want to sign an agreement with the trade unions, which would help relieve the tension and solve many problems."

V. Gorodetskiy.

—The administration of the Tomsk plant for rubber items tried to prevent the protest demonstration. O. Lavrova, a press operator, gathered more than 500 signatures for the trade union demands on her own initiative. The document was sent to the USSR and RSFSR Supreme Soviets.

#### **Kazan: Agreement Signed**

Yesterday an agreement for 1991 was signed between the Tatar SSR Council of Ministers and the republic trade union council. It envisions the creation of a state employment service and a quota of 10 percent of the overall number of jobs to go to disabled persons, single mothers and mothers with many children, youth, people

of pre-pension age, and for filling the consumer basket, tax breaks, and measures for protection of maternity and childhood.

An important step was taken toward constructive cooperation. And this is a convincing argument in favor of constitutional forms of resolving the problems raised by the trade unions of the Tatarstan.

Ye. Ukhov.

#### **Moscow: Negotiations Continue**

The Moscow Trade Union Federation basically supported the demands made by the FNPR [Federation of Independent Trade Unions of Russia] to the high organs of power and management of the USSR and RSFSR and recommended to the city trade union organizations that they discuss these demands and determine a possible form for conducting collective actions in their support. There were discussions and rallies in certain shops and departments of the Moscow Automotive Plant imeni Leninskiy Komsomol, Automotive Tractor Electrical Equipment Plant No. 2, Housing Construction Combine-1, and others. People were in favor of refraining from strikes, emphasizing that the RSFSR and USSR Supreme Soviets, the governments, and the Moscow Soviet and its ispolkom had entered into negotiations with the MFP [Moscow Trade Union Federation] on improving the life of Moscow workers. Negotiations began on 16 April and are continuing to this day.

Moscow workers will again declare their resolve to defend their interests at the May Day rally in Red Square in the capital. The appeal from the MFP to the parties and political movements emphasized that Moscow trade unions are in favor of civil peace and harmony in society and stabilization of the economy and against expansion of the political battle to the territories of plants, factories, and enterprises.

V. Gavrin.

#### **Rostov-on-Don: "For"—a Half Million**

According to figures from the trade union committee, no less than half a million people participated in the spring demonstration of the trade unions of Russia. As for the work stoppage, it was decided not to resort to that method of fighting.

"A strike is an extreme means," said the chairman of the trade union of the Elektroiinstrument plant, V. Klyuchnikov. "We decided to send a telegram to Moscow in support of the demands of the FNPR. We will also go to the May Day demonstration in support of the social rights of the workers."

A. Isayev.

—In the Far East, according to preliminary figures, about two million people participated in the protest demonstrations.

**Sverdlovsk: Metal Will Not Satisfy Your Hunger**

At the majority of enterprises of the Central Urals there were protest rallies against a sharp reduction of the standard of living of the workers.

I. Potapov, chairman of the oblast trade union council, comments on the situation:

"A most difficult situation with food has developed in the oblast. Essentially, a famine is beginning. The miners' strike brought the largest metallurgical enterprises to their knees. The workers blame the strikes not on the miners but on the government, which is unable to find a common language with them. Ural workers are most disturbed by the fact that they are fulfilling their commitments to the country but in return for our metal and our machines we are receiving neither milk, nor meat, nor bread."

The Central Ural trade unions have done everything possible so that the wave of protests will cause the least possible losses to the national economy. Understanding their responsibility to the country, the workers are trying to express their protest in such a way as not to harm the country's economy, which is collapsing in any case.

A. Dzhapakov

—There have been meetings and rallies at almost all enterprises of Yakutia. There was a meeting between the trade union aktiv and the chairman of the republic Supreme Soviet M.Ye. Nikolayev.

**Vorkuta: Is the Strike Over?**

"The call of the FNPR was not very crucial for us," I was told by the acting department chief of the Vorkuta city trade union federation, V. Kuchumov. "After all, the miners have been on strike for several months now."

The majority of mines, as we know, have not been working up to now. But in response to the call of the coordination council, on 27 April they are to start mining and shipping coal at full force. Incidentally, the experience with the strikes shows that not even an appeal from such a respected organ as the coordination council, which includes representatives of all collectives, will make the people go back down into the mines...

A. Petrov.

**Volgograd: Let Us Work and Earn Money**

Forced time off because of the malfunctioning economic mechanism has become a typical feature of enterprises and construction projects in Volgograd Oblast. And each hour in spring planting work is worth a great deal. Because of this the local trade union organizations, having supported the demands of the FNPR, have decided to conduct a protest demonstration against the lowering of the standard of living without leaving production for even an hour.

Workers of the oblast are not asking anything of anyone except for one thing: normal economic conditions for the enterprises and collectives so that they can work in peace, produce products, and earn money.

"Of the many enterprises in the branch today only seven are fulfilling the production program at last year's level, including our factory," says A. Dobrodomova, trade union committee chairman at the Volgograd stocking and knitwear factory. "We are prepared to produce 35 million pairs of stockings and two million pieces of knitwear a year. We demand that the workers be provided with work."

O. Pozdnyakova.

**Omsk: A Calm Region Awakens**

To support the demands of the Federation of Russian Trade Unions but not to conduct an hour's strike—this decision was adopted without serious disagreements by practically all labor collectives of Omsk. Nonetheless one can speak about the great political significance of the demonstration that took place. All week at the enterprises, in the shops, and in the brigades there were meetings at which the demands advanced by the FNPR were discussed, augmented, and concretized with respect to local conditions. The resolution was adopted, for the most part, calmly, soberly, and without excessive emotions. But this was not true everywhere. At a fairly heated rally held early yesterday morning in Automotive Transportation Enterprise No. 7, the drivers expressed a lack of confidence in the president and the Union leadership and demanded in concert that trade and procurement cooperatives, which had already been driven out once, be driven out again.

In spite of the fact that it was decided to conduct all the measures exclusively on nonworking time, a number of economic leaders spoke out against the trade union demonstration, assuming that simply by this protest the trade unions would aggravate social tension in the relatively calm region of Omsk Oblast. But Omsk workers demonstrated that they had no intention of watching in silence as the quality of their life deteriorated.

V. Golubev.

—According to preliminary figures about 16 million people, collectives of almost 78,000 enterprises of 36 regions of the RSFSR, participated in the protest demonstration of the trade unions of Russia.

**Ufa: Additional Demands**

How and in what form the warning demonstration would take place in Bashkiria was decided by the labor collectives themselves. Some, such as in the Vostoknefteprovodstroy Trust, stopped working for an hour and added their own demands to those of the FNPR. Others (enterprises of the aviation industry, for example) held hundreds of meetings and rallies during the breaks between shifts, during the dinner break, and after work.

The coordination council of the Federation of Trade Unions of Bashkiria reported that the all-Russian protest demonstration was supported by the majority of labor collectives of the republic.

A. Valeyev.

#### Our Comments

There are just a couple of days left before May Day. Greetings have already been sent to friends and relatives. As always, the postcards contain the words "peace" and "May" and pictures of early spring flowers. Yes, this is the role assigned to May Day in the sequence of our country's "red-letter days." And this really is a special holiday—it is the day to commemorate the Chicago workers who were shot during the last century, a day of solidarity of workers in their fight for their rights.

We will have to learn about solidarity and the desire to support one another, perhaps even at the expense of our personal interests, for many May Days to come. And, of course, we will achieve our desired ends much more quickly if we do not restrict this to holidays. And the more solidly we stand together, the more powerful the trade union movement will be.

We shall evaluate only two events of recent days. On 20 April the USSR prime minister, after a lot of red tape, was forced to react to the firm position of the country's trade unions and sign the Agreement between the USSR Cabinet of Ministers and the Council of the USSR General Trade Union Confederation concerning labor and socioeconomic issues for 1991. And yesterday the trade unions of Russia conducted a protest supported by many workers against the deterioration of the standard of living, the lack of reliable social guarantees, and working conditions whereby each year the number of people who die in production runs into the thousands, and those injured in production, into the hundreds of thousands.

In my view, there is no point in counting up how many plants participated in the demonstration or how many speakers spoke at rallies. That is beside the point—the point is solidarity itself. In the minds of the workers, it is that they are that force on which the future of the republic depends.

There are no grounds for reproaches to the effect that at a time when a flicker of harmony has barely appeared in the country, the trade unions are destabilizing the situation. There is harmony among politicians but not between prices and wages, between slogans about the worker-in-charge and the working conditions. Moreover, paradoxical as it may sound, yesterday's protest demonstration was a demonstration of support of political mutual understanding which can improve people's lives not in words but in reality.

And the circumstance that a number of regional trade union centers did not support the call of the FNPR council to conduct this demonstration should not disturb

anyone. For this is just evidence of the new nature of the present trade unions—the administrative command system has been broken here.

But spring has come to Russia. The days of unity of actions of Russian trade unions are continuing.

#### USSR-Republic Protocol on Assistance for Unemployed Signed

914A0719A Moscow TRUD in Russian 6 May 91 p 1

[Article by O. Osipov: "Aid to the Unemployed"]

[Text] A protocol was signed yesterday on the intentions of the USSR Ministry of Labor and Social Problems and republic ministries (state committees) of labor and social problems. It deals with coordination of their work in the area of employment of the population for 1991.

In essence this document is more than just a plan of coordinated actions for 1991 only, it is also directed toward our future. It is oriented toward such things as the design of a government, all-Union program of employment, the creation of a single information system, of training and advance training programs for employment-service workers, and of training and retraining programs for the unemployed, as well as coordination of financial activity.

The protocol was signed by every republic with the exception of Georgia, Latvia, Lithuania, and Estonia. However, according to USSR Minister of Labor and Social Problems V. Paulman, they participated in the drafting of the protocol and their signing of it is only "a matter of time." The representatives of Armenia and Moldova, by the way, signed only one item, that providing for international cooperation in the area of employment.

It was emphasized at the news conference which took place there that there was no alternative to the market economy but there was an urgent need to set up a powerful system of social protection for the population and to prevent mass unemployment. "It is most important not to waste any time, to try to work ahead," said V. Paulman. At the same time direct action laws on employment were adopted in four republics only: the RSFSR, the Ukrainian SSR, Kazakhstan, and Kirghizia.

Journalists were told that it has been decided to set up 3,000 centers for retraining unemployed people as early as this year. The staff of the employment services will reach 45,000 (which is not very many by the standards of civilized countries) and this number will double within the next few years. The Union Ministry of Labor and Social Problems stated its readiness to work together with any firm, association, or cooperative dealing with employment issues. However, any activity in this field may be allowed only if the entity has the appropriate certificate or license.

It was also mentioned at the news conference that a special role will be given to a new mechanism of social partnership between the government services and trade unions. The recent agreement between the USSR Cabinet of Ministers and the General Confederation of Trade Unions may be viewed as a realistic step in this direction.

No complete answer was provided by the leaders of the Union and republic ministries (state committees) to the question about the number of unemployed; the reason given was that "the existing data need some serious verification." At the same time they gave their assurances that unemployment payments will start effective 1 July as stated in the Fundamentals of Legislation on Employment of the Union of SSR and republics. The priority in unemployment payments will be given to those who lost their jobs.

### **Lithuanian Unemployment Statistics, Labor Market Described**

914F0206A Vilnius LETUVOS RITAS in Russian  
1 Mar 91 p 3

[Interview with E. Tila, director of the Republic of Lithuania Employment Center, by LETUVOS RITAS correspondent T. Juknevičius: "How Many Unemployed Will There Be in Lithuania?"]

**[Text] Labor exchanges and unemployment benefits—they no longer exist just somewhere in the United States or Japan, but also in our country, in Lithuania. All rayon and city employment centers will be reorganized effective 3 March. They will become labor exchanges.**

As of 11 February, 1,009 unemployed were registered in the republic, out of whom 793 were entitled to benefits. In terms of specific cities: in Vilnius 151 (151 entitled to benefits), in Kaunas 47 (47), in Klaipeda 20 (20), in Sauliai 131 (131), in Panevezys 42 (42), in Alitus 22 (22), in Marijampole 36 (36), in Druskininkai 73 (30), in Palanga 40 (15), in Snieckus 20 (20). In the rayons: in Varenauskij Rayon, 32 (32), in Akmeniskij and Sirvintskij Rayons, 20 (20) in each, in Silutskij Rayon, 19 (19), and in Pakruojiskij Rayon, 18 (18).

E. Tila, director of the republic Employment Center, responded to questions put by LETUVOS RITAS.

[Juknevičius] Who may be considered unemployed?

[Tila] The law on the employment of the populace adopted by the Supreme Council says that an able-bodied citizen is considered unemployed if he does not make money for reasons beyond his control, is registered by the labor exchange at his place of residence, and is capable of performing certain work or prepared to study and change his profession in the event the labor exchange is not in a position to offer him a job in line with his professional training, his old profession, and health status. This definition is very much in line with international norms.

The right to unemployment benefits is also set forth there, and examples of unemployment benefit computations are given. The benefits are not being actually paid in our republic because we have only 50,000 rubles [R] in our account, whereas in January alone we would have needed R15 million.

[Juknevičius] Are there more men or women among the unemployed? Which age group is prevalent?

[Tila] The unemployed are mostly women; two-thirds of them are office workers. There are no data on age. In Vilnius, there are 1,200 enterprises, establishments, and organizations. There are 27 vacant jobs, while 100 people are looking for work. Managers of enterprises do not report vacancies or forthcoming layoffs to us.

[Juknevičius] Previously college graduates were assigned to jobs, and now it is suggested that they look for jobs themselves. Do colleges cooperate with you?

[Tila] They want nothing to do with us. The Ministry of Culture and Education is "shaking loose" money to maintain departments and pay salaries to instructors, and this means that classes have to be formed. Nobody needs two-thirds of the agronomists graduating from the Kretinga Higher Agricultural School. Twenty-five hundred graduates of the construction vocational school have been employed as workers for two years now. The state is switching to a market economy, but nobody needs economists (at least in Vilnius).

[Juknevičius] Have you been approached by graduates of the Academy of Arts and the Conservatory?

[Tila] The heads of both educational establishments understand full well that we are powerless to assist with the job placement of their graduates. We are in favor of creating specialized labor exchanges for people in the arts and journalists.

[Juknevičius] Will the exchange be able to offer contracts for work abroad?

[Tila] Sure—in Russia as lumberjacks. However, our hospitals do not have medicines to treat tick encephalitis. In no foreign country are they overly generous with social guarantees. For example, we received letters from Sweden and Finland with proposals to hire 200 people for seasonal work, but without any social guarantees. Managers of Finnish construction companies say: "We will hire skilled workers, but we will pay them in rubles."

[Juknevičius] Your predictions concerning the future?

[Tila] I believe that unemployment in Lithuania will come to about 10 percent of the able-bodied populace. This means 200,000 people. Their retraining, changes of profession, and the payment of benefits will cost R180 million per year. This is what international norms are. In the first two months the benefits should amount to 70 percent of the average wage at the last place of employment, in the following two months, 60 percent, and for another two months, 50 percent. Those who were laid off

on the initiative of the employer but through no fault of their own in the line of duty are entitled to this, as well as those discharged from the units of the protection of the land, those returning from corrective facilities, graduates of secondary general schools, vocational technical schools, and higher schools, individuals discontinuing work to bring up children in cases envisaged by the law, guardians of incompetent persons, and those taking care of Group I and II handicapped after the term of guardianship expires. It is hard for me to say when we will be able to begin the payment of benefits.

**President of Science and Industry Union  
Discusses Economic Underpinnings**

914F0213A Moscow TRUD in Russian 8 May 91 pp 1-2

[Interview with Arkadiy Ivanovich Volskiy by V. Golovachev: "Rejection of Perestroika Would Signal Catastrophe: Will the Science and Industry Union That Plans To Unite Society on the Basis of Economic Interest Become a 'Third Force?'" ]

[Text] In the Western press A. Volskiy is often called "an enigmatic and influential figure," a representative of the progressive-minded politicians and economic leaders who not only understand the need for radical changes in the country but are also actively promoting them despite the opposition of conservative forces.

Volskiy became the focus in our press and the world press when just over two years ago he set out to fulfill a very difficult and crucial mission assigned to him in accordance with a decision of the USSR Supreme Soviet Committee on the Special Administration in Nagorno-Karabakh. Leaving his post as chief of the CPSU Central Committee Machine Building Department (in the command administrative system this was a key post in a crucial industry), he set out for Stepanakert. It is difficult to assess his period of work with the committee in the Nagorno-Karabakh Autonomous Oblast but we should not forget that he did at least prevent the sides from engaging in civil war. There were no reports of that, either now or during that period. And who knows? Perhaps events would have turned in some other direction if at that time they had listened in Moscow and Baku and Yerevan to Volskiy's recommendations.

Soon after his return to the capital, after rejecting many flattering offers, he was elected president of a new public organization—the Science and Industry Union (NPS)—or as it is still called, the Union of Industrialists. Against the backdrop of earlier high appointments, this step by Volskiy was perceived by some with a certain amount of skepticism, almost a sign of protest and a withdrawal from active political life. But the very first steps of the union, seen in its legislative initiatives, including issues of entrepreneurship, extending the rights of producers, and protecting investments, and in the active stance assumed by deputies from industry, and then in the creation of the interparliamentary scientific and industry group of deputies, all showed that the NPS was becoming a real force.

"In the collapsing country that is still known as the USSR, today many people are talking about the possible emergence of a third force along with the party and state apparatus and the democratic movement," one foreign correspondent has written. "Perhaps this third force will be the emerging entrepreneurs and industrialists—those who are destined to raise up industry and set the flywheel of the economy in motion. Their interests in the state structures are energetically represented by the Industrial Union."

It goes without saying that it would be wrong to think that all the industrialists and entrepreneurs have the same interests. There are those who yearn for the old "order." Nevertheless, the majority favors advance toward civilized market relations.

It was from this point that I started my conversation with the NPS president, A. Volskiy.

[Golovachev] Arkadiy Ivanovich, in the Union of Industrialists they should have their finger firmly on the pulse of our industry today. But it is sickly, and the stoppages are becoming threatening. What is your prognosis for the coming months, through to the end of the year?

[Volskiy] I would say that May and June will be the most difficult, even critical, for us. Even in relatively quiet times this has always been a difficult period—reserves from the old harvest are coming to an end, and the new one is not yet available.

The leadership of the country and the republics is now taking the steps necessary to prevent serious interruptions in supplies of the main foodstuffs, and to prevent a collapse of the consumer market. But the situation is becoming extremely acute, not only for economic but also political reasons. Hundreds of enterprises have already closed down their operations and output is steadily declining, and in a number of cities and regions foodstuffs are close to being depleted and economic links are breaking down. Under these conditions I see the main danger in a general panic, the onset of despair and bitterness, and in making catastrophic mistakes.

[Golovachev] We often hear that the changes in our lives have become irreversible. In your opinion, is it now possible to go back?

[Volskiy] I think that it is. The public awareness has been largely unprepared for radical change. How many people fear the word "market!" For them it is associated with the present breakdown, with all our misfortunes. But the paradox is that our country has not yet even reached the market. We started to collapse long before any transition to market relations. But the stereotypes are strong: For many decades people were intimidated by capitalism, and the rejection of entrepreneurship and private ownership was instilled into them. The minds of millions still have this "philosophy": if we cannot live well alone, let us live poorly together." In general this is a terrible

thing—the propensity for leveling. It has played many evil jokes on our people. And today it still has deep social roots.

Add to this some primitive perception of capitalism in the times of Marx, with all its faults and ulcers. But where in the world today do we see this “classic” capitalism? And why do the “theorists” remain silent about the social transformations that Western society has undergone under the influence of socialist ideas—social safeguards for workers, social partnership, the greater involvement of the people [narodizatsiya] in the economy. Today, unfortunately, dogmatic thinking is typical of a number of workers and leaders in the administrative command system, and there is frequent rejection of the new and unpreparedness for change. This is our common misfortune. In my opinion it is precisely thanks to this that certain conservative circles (they are well known) are able to try to turn the country back, which would signify the end of all progressive changes. Today, therefore, it is essential to tell the people honestly and candidly that rejection of perestroika will lead to a life of penury under the conditions of a totalitarian regime. Even the leading new elite would be unable to take advantage of the good things even on the scale that they did during the period of stagnation since there will simply not be any.

[Golovachev] At the recent congress of the “Union” (the associations of people’s deputies at various levels) it was said that the final collapse of our state will occur in one-and-a-half to two months, that is in June. Many of the deputies in the “Union” see the only solution in introducing a state of emergency in the country. What do think about that?

[Volskiy] I would like to respond to your question with another question: What do we mean by “state of emergency?”

[Golovachev] In fact the concept does not have a precise definition here. So let us “accept” the following conditions: a ban on the activity of political parties (except, perhaps, the CPSU), meetings, demonstrations, and strikes, and the introduction of strict liability for enterprises to fulfill orders and make deliveries, and a curfew and so forth...

[Volskiy] Well, if that is what we have in mind the picture is clear. But let me tell you that it is difficult to think of a worse scenario for the country. I worked for two years in Nagorno-Karabakh under the conditions of a state of emergency and I know what it is like. I also know about the moral and psychological and economic foreshortening. A state of emergency may be imposed in particular regions as a necessary temporary measure in order to save people, but not to bring an economy back to health. And with respect to society and the country in general it is a road that is simply disastrous. A “state of emergency” does not solve any problems; it simply exacerbates the situation in society to the limit. What, for example, would be done with respect to striking

miners if they remained stubborn? Call in the troops, arrest hundreds of thousands of miners? And what of other regions? Would it be possible to call such a government a popular government?

[Golovachev] So what is signified by the proposed introduction of a special work regime that was mentioned in the joint statement signed by the president of the USSR and the leaders of nine of the republics?

[Volskiy] That is quite another matter. At a time critical for the country great significance attaches to the uninterrupted operation of a number of vitally important base sectors such as, for example, railroad transport, power engineering, and so forth. If they come to a standstill it will mean paralysis for the entire economy and may lead to total collapse.

This is why in my opinion the temporary introduction of, say, a moratorium on strikes is justified here. This is the question that arises: What if, when a special regime is introduced, they nevertheless still occur? I think that in such a case there could be no question of repressions. The administration may obtain the right to fire those who violate the rules, and hire new workers. It is also possible to think of some other ways to exert administrative-economic pressure.

But I prefer a different approach to this: Introducing a special administration in sectors of vital importance to the country should insure for them a most-favored status in everything—material-technical supply, wages, bonuses, social safeguards for workers... We see that this has nothing in common with the introduction of a war situation.

[Golovachev] I would like to note that on the question of introducing a special work regime in a number of sectors and a moratorium on strikes, by no means everyone agrees with you. However, let us let us leave that discussion for the future. And now another question. The Union of Industrialists is working actively for the development of entrepreneurial activity and the de-state-ization and privatization of property. Opponents of the market are saying that this is the road to capitalism. What do you have to say on the subject?

[Volskiy] I have already said that I am not a supporter of the various labels, dogmatic canons, and “isms.” The main thing is that a person live well, and whether this is called a mixed economy, market socialism, or something else is something that the scholars will settle in time. The essential thing lies not in the name but in giving free rein to incentive for efficient labor and to creating conditions for constant improvements in life. Incidentally, let me tell you an interesting, although perhaps not uncontroversial, dictum: classic capitalism died when the theory and practice of social partnership was born.

Now, about privatization. Yes, we were one of the first to start talking openly about small-scale private ownership. If property is held by real owners who will risk their

property (even to the point of bankruptcy), then production efficiency will undoubtedly improve. Of course, we are not talking about privatization of the colossi of industry, the defense giants, for example, the plants that produce atom bombs or cosmodromes. It is quite a different matter: the sectors in which mobile production structures predominate. They include some machine building, instrument building, the light, food, and processing industries, local industry, retail trade, the services sphere, and so forth. Here, in my opinion, it is not only essential not to hamper but, on the contrary, to encourage the processes of their privatization as rapidly as possible.

[Golovachev] Much attention was paid to questions of privatization and de-state-ization in the Russian 500-day program that aroused so much passion in the fall of last year. What was your attitude toward that document?

[Volskiy] The Science and Industry Union in the main supported the 500-Day program. The main thing is that on its basis it would have been possible to find a consensus between the center and the republics. But this favorable, fleeting chance was lost.

[Golovachev] Today the hope has emerged once again in a society tormented by confrontations that through combined efforts it will be possible to deal with the crisis and put an end to the exhausting "war of laws." Do you think that the statement signed by the president of the USSR and the top leaders of nine of the republics is a temporary truce or a solid foundation for moving ahead together? Will we also let slip this perhaps last chance?

[Volskiy] That would be tragic. I believe that the process of agreement that has been initiated is very promising. Otherwise life and the unfolding of events in the country lose any meaning. For me, at any rate.

[Golovachev] As far as I know you do not avoid the "sharp" questions. Today, V. Pavlov's rating in the country is at a very low level. The exchange of money was done very clumsily and inefficiently, the price reform was not well considered, and the "war of nerves" that the premier has been waging with the striking miners. Some commentators are writing that the USSR prime minister is involuntarily "placing" the president of the USSR in a fire of criticism. What is your opinion?

[Volskiy] I have read such articles, but I tell you frankly that I do not want to develop this theme. It is not that it is a matter that deals with the top leaders. We all, by the way, now recognize that criticizing the actions of a particular person and still respecting him are not incompatible things. I do not want to exaggerate the subject of "ratings" because I see no serious, practical sense in that. Yes, in my opinion the new government has made a number of mistakes. The exchange of money, for which preparations were made for a year, was probably not worth doing so hastily (and of course, the "reckoning" did not have to take place "overnight"). And in my opinion, it was essential to sit down at the negotiating table immediately with the strikers. But none of this is a

reason for replacing the government, which many people already want. We are not living in a period in which the government can be replaced every quarter without feeling this on the pulse of the economy. The main thing now is to look to the future: Will the government be able to draw conclusions from its mistakes and find unconventional solutions and unite efforts to extricate us from crisis? Is it prepared to cooperate with those forces in the country that want to help it? This is the essence of the matter.

The NPS, in particular, is helping to "maintain" economic links between enterprises in different republics, and is creating a market infrastructure and helping to strengthen cooperation with companies and banks abroad.

[Golovachev] How quickly shall we manage to raise ourselves up from the bottom of the abyss?

[Volskiy] Quickly? No. The pendulum has still not reached its bottom point. But in the end we must raise ourselves up—a great country, rich resources, land, talent...

[Golovachev] The Science and Industry Union is sometimes perceived as an association of entrepreneurs, directors and managers, as, in general, a certain elitist grouping. How far does this correspond to reality? Does the NPS have general points of contact with the workers?

[Volskiy] In its very first document the NPS declared that the most important sphere of its activity is to defend the independence of enterprises, cooperate with leasing and cooperative collectives, and defend the rights and interests of Soviet industry and science under the new conditions. And surely the question of the extension of rights and powers of an enterprise, and its independence, is not one just for the director, is it? Are not the interests of the labor collective councils, the trade unions, and the other workers' associations concentrated most here?

It seems to me that those same miners' strikes have graphically shown that the desire for independence and entrepreneurial activity is largely inherent in precisely the workers, who have recognized that they themselves are the masters of production. And their actions in this direction are much more energetic than among many directors and managers.

Let us go on further. Look how the concept of "entrepreneur" is being expanded to apply to a leasing or cooperative collective or the coowner of a joint stock company. Accordingly, our activity in the parliaments meets the interests of the very broadest strata of the workers and peasants. This kind of activity (and we make no secret of the fact) is being carried on with members of the parliamentary science and industry group of deputies. Our common goal is to hasten renewal of the country's economic legislation, bearing in mind the development of entrepreneurship, the destruction of monopolism, denationalization and privatization, the attraction of foreign investment, and so forth. So there

are no grounds for thinking that the NPS, which unites hundreds of thousands of collectives, is an elitist union of Soviet "businessmen."

[Golovachev] Another "pointed" question. You have occupied a crucial post in the CPSU Central Committee. This provides grounds for some foreign observers to claim that, having now become president of the Union of Industrialists, you remain an emissary of the CPSU. Is this so? Does the NPS depend on the party?

[Volskiy] We do not depend in even the slightest degree on the Communist Party, and I am not its emissary. I do not recall any occasion when any member of the CPSU Central Committee Politburo or any CPSU Central Committee secretary has telephoned me with any kind of instructions or proposals. I even consider the total indifference of the Communist Party leadership to our union to be abnormal. Behind this I see indifference and estrangement from economic affairs. Unfortunately, this process is increasingly typical of the party, and it begins in the Politburo and the Central Committee Secretariat. Let me make clear immediately that what I have in mind is not a return to the earlier methods of influencing the economy. But no party fighting for power can exist if it estranges itself from work on economic programs.

[Golovachev] But your premises are in a building that belongs to the CPSU Central Committee, are they not?

[Volskiy] No, we are leasing the premises from the gorkom, and, incidentally, paying a million rubles a year for them.

[Golovachev] At the recent CPSU Central Committee plenum, when the conservative forces initiated a frontal attack on General Secretary M. Gorbachev, you spoke out energetically in his defense. Why?

[Volskiy] It was an attack not only on the general secretary but on perestroika in general. For essentially it was a question of a demonstrative change from the political course that was worked out with such difficulty at the 28th CPSU Congress. It was in defense of this that I spoke. One does not have to be a prophet to foresee the consequences that would stem from the recommendation that M. Gorbachev should resign. First, it would inevitably mean a split in the party at an extraordinary congress, which alone is empowered to resolve the question of the fate of the general secretary.

Second, it would mean the CPSU's rejection of support for the president whom it nominated, and the withdrawal of the party into the opposition.

Third, if anyone thinks that a new president and general secretary could return the country to rigid control of people and an unquestioning obedience, then they are wrong; this kind of turnabout would meet with strong resistance in society.

The country's public opinion, and world public opinion, would rightly assess such decisions as a coup d'etat and a rejection of the new thinking and the humanitarian

ideas of perestroika. It is not difficult to foresee the isolation in which our country would again find itself.

[Golovachev] It has been reported in the press that at the plenum more than 70 signatures were at your initiative placed under the statement during a break between meetings.

[Volskiy] That is not so. If PRAVDA had given an accurate and complete account of the plenum, which, incidentally, those present insisted upon, there would not be so many conjectures and free interpretations of the facts. There was no initiative at all on my part. During one of the recesses, when it had become clear that the situation was at impasse, a group of Central Committee members came to me: "We here have decided to prepare a statement in support of the general secretary and we would like to ask you to be the coordinator." No one in particular collected the signatures, certainly not I; whoever was nearby or walked past signed it. This was the way in which the statement signed by 72 members of the CPSU Central Committee came into being, signed literally in an impromptu fashion.

It stated that the attacks heard at the plenum against the party leader were not in the interests of the party itself. These people see the reason for the critical situation in the country not in the mistakes made during the course of perestroika but in the ideas of perestroika. We believed that they were the voices of political retrogression and a desire to shift responsibility for the difficulties from themselves and from all of us onto the general secretary alone.

Those who signed the statement expressed solidarity with the political course of perestroika, which in the eyes of Soviet people and the entire world is linked with the name of M. Gorbachev.

Proceeding from a firm conviction of the impossibility of successful work by the CPSU Central Committee at the present stage without M. Gorbachev's leadership, and also proceeding from the party rules, according to which the general secretary is elected by congress, the authors of the statement demanded the resignation of the entire CPSU Central Committee and the convening of an extraordinary party congress. Otherwise, we said, we consider it possible to continue work in the Central Committee.

As is known, the plenum supported us. But I do not think that the conservative circles have accepted defeat and laid down their arms. Attempts to "save the Motherland" by such methods will certainly continue. And for me, who grew up in the party, it is bitter to see within its ranks people who have understood nothing and learned nothing, and are pushing the party onto a path that is suicide for it.

[Golovachev] Let us turn from party affairs to relations with the trade unions. The Science and Industry Union has often spoken out together with us on a united front in the struggle for the interests of the workers. In the West,

as a rule the positions of the trade unions and the industrialists do not coincide...

[Volskiy] In fact, we have spoken out with the trade unions in the parliament to advocate the abolition of the strange, undemocratic procedure whereby many workers who disagree with their dismissal have had no recourse to the courts. We have also advocated the adoption of a law on the trade unions. And now we are supporting the position of the trade unions, which are insisting that a worker cannot be dismissed without the agreement of the trade union. (And if the administration and the trade union committee cannot agree the dispute is settled by the courts.)

We are also acting on a united front with the trade unions with respect to the very important demand of introducing in the country as soon as possible indexation of wages so that wages grow in some kind of correlation with price increases.

Why is it that with respect to these and a number of other issues we have no quarrel with the trade unions? It is because like the trade unions, we are interested in insuring social harmony at enterprises and social safeguards for the workers. Conflicts, strikes, social tension, a declining living standard and falling purchasing power exert an adverse effect on the development of entrepreneurship and industry. I would like to emphasize once again that it is not some elitist leading groups of "businessmen" but the labor collectives that lie within the sphere of our union's interests.

[Golovachev] But at talks with the trade unions on tariff agreements, that is, wages, the NPS is acting as an employer and trying to limit wage increases.

[Volskiy] These kinds of talks are held in all civilized countries; it is a normal process. Demands for wage increases should not be extreme, otherwise enterprises will go bankrupt and there will be hyperinflation. It is common knowledge that we must live according to our means, and while doing this be concerned for the development of production and investment.

[Golovachev] The problem of unemployment in the country is becoming acute. Are the entrepreneurs exacerbating this process or mitigating it?

[Volskiy] They are undoubtedly mitigating it. Let me give you just one example. Development of the sphere of small businesses and small enterprises makes it possible to create millions of new work places. And in addition our union will concern itself with retraining for personnel and improving their skills and their mastery of new professions.

In conclusion I would like to emphasize that the aim of the Science and Industry Union is to preserve the all-Union market. Economic interest is the foundation for the construction of our common home.

### First Stage of Moscow Trade Union Federation Action Assessed

914F0214A Moscow TRUD in Russian 8 May 91 p 2

[Interview with M. Shmakov, chairman of the Moscow Trade Union Federation, by A. Kozlov: "We Are Opposed to Political Ambitions"]

[Text] Complying with the wishes of the capital's primary trade union organizations, at the end of March the Moscow Trade Union Federation Council sent the USSR and RSFSR Supreme Soviets, the Moscow City Soviet, and the Moscow Gorispolkom demands in defense of Muscovites' economic and social interests. Thus began Moscow trade unions' actions for the rights of the working people. The first stage culminated on May Day in Red Square in a meeting of representatives of the capital's trade union organizations. TRUD correspondent A. Kozlov asked M. Shmakov, chairman of the Moscow Trade Union Federation, to sum up the Moscow trade unions' action.

The economic crisis and the political instability in the country are having a negative effect on the living standard of Soviet people, Muscovites' included. The work force set us the task of making to the highest and local authorities demands which might be a barrier to starvation and want. Such five-point demands were sent to the USSR and RSFSR Supreme Soviets, the Moscow City Soviet, and the Moscow Gorispolkom.

We proposed that laws on indexation of individuals' income be enacted at coming Supreme Soviet sessions, that compensation be paid to employees not from enterprise profits but from the resources obtained from the price increases, and that the restrictions on the banks' issuance to enterprises of resources channeled into consumption be lifted. In connection with the retail price reform we opposed the five percent sales tax. The Moscow Trade Union Federation also insisted that the Moscow Gorispolkom publish data on the Muscovite's subsistence minimum and reverse its January decision, which canceled the Moscow authorities' housing debt to enterprises and organizations.

I will not say how difficult the negotiations with the authorities were, I will say just one thing. The governments of the Union and the RSFSR adopted an understanding attitude toward the problems of the capital's inhabitants, and our demands have partly already been met or, as they say, are in the fulfillment phase. True, I would emphasize that Moscow's trade unions do not accept the changes which have been made to the procedure of deduction of the five percent tax, and we intend to seek the complete abolition of this tax.

As far as relations with the Moscow City Soviet and the Moscow Gorispolkom are concerned, a tendency is discerned on their part, despite the agreement that was concluded, to evade fulfillment of the demands and obligations that they have assumed. While having agreed to return to the work force the housing arrears, that is,

reverse their above-mentioned January decision, the ispolkom has not made public information concerning the Muscovite's subsistence minimum. And it is understandable why.

According to our figures, as of 29 April this boundary (with the deduction of the five percent tax) constituted R347. The average wage is R307. In other words, the Moscow City Soviet and the Moscow Gorispolkom need to "roll up their sleeves" and work hard to feed people and prevent starvation and indigence taking a firm hold in the capital. Knowing these figures, people will, naturally, judge those who are leading Moscow by what they do. But this is a political question....

Incidentally, various political and politicized organizations, specifically, "Democratic Russia," which lays claim to the role of sole spokesman virtually for the interests of the working people, are constantly attempting to impart an underlying political meaning to Moscow's trade union movement. Thus at the time of preparation of the May Day meeting its leaders attempted to impose on the Moscow Trade Union Federation their understanding of the defense of people's economic and social interests. We rejected the diktat. And then this political movement fought against the meeting of representatives of the trade unions in Red Square. A special leaflet stated that "'Democratic Russia' has nothing to do with any of the slogans that will be exhibited this day in Red Square on the instructions (!) of Moscow's trade union leadership."

Not only the residents of the capital but also millions of television viewers saw these slogans, the main one of which was "The Unity, Solidarity, and Rights of the Working Man." Is this slogan also not to "Democratic Russia's" liking?

Availing myself of the opportunity, I would like to emphasize that the Moscow Trade Union Federation is ready to cooperate with all trade unions and political and politicized movements if their actions do not conflict with our trade union movement and if they have an understanding attitude toward the slogans beneath which we operate. Representatives of a number of movements and associations—the Liberal Democratic Party, the Democratic Party of Russia, the Socialist Party, CPSU and others—took part in that same May Day meeting in Red Square also.

After the holiday the Moscow Trade Union Federation was approached privately by a group of deputies of the Moscow City Soviet (members of "Democratic Russia," incidentally) with a proposal concerning the normal provision of the townspeople with foodstuffs and requested support. In other words, those who want to help people will find ways to do so, but those who are in the grip of political ambitions are preoccupied mainly with these ambitions.

### Ukrainian Strike Committee Cochairman Explains Goals

914F0210A Kiev *RABOCHAYA GAZETA* in Russian  
23 Apr 91 p 3

[Interview with A.A. Nagornyy, cochairman of the Ukrainian strike committee, by correspondent O. Nypadymka: "We Have To Somehow Call Attention to Ourselves"]

[Text] When the formation of the republic strike committee became known, journalists of *RABOCHAYA GAZETA* had a natural desire to become more closely acquainted with this body. Who is on this committee, who elected it and how, and to what end? A correspondent of the newspaper met with A.A. Nagornyy, a cochairman of the committee.

[Nypadymka] Aleksandr Alekseyevich, who formed this republic strike committee? Who is a member? Who gave you authority?

[Nagornyy] The republic strike committee was formed in Kiev on 16 April right in Independence Square (as Nagornyy called October Revolution Square—O.N.) at a general meeting of representatives of the striking enterprises. It included representatives of Chervonograd, Pavlograd, Lugansk Oblast, and certain mines of Donetsk. In short, representatives of the Ukraine's working class.

[Nypadymka] But the cities you name are far from being the whole of the Ukraine.

[Nagornyy] We were subsequently joined by miners of Makeyevka and certain mines of Donetsk Oblast, and, then, the strike movement is only just gaining momentum.

You asked about authority. The strike committee will coordinate the actions of striking outfits, organize the picketing of ministries and departments, and stage demonstrations here, in Kiev, until the miners' demands are met in full.

[Nypadymka] You said in an interview with a youth paper that all on the strike committee are nonparty people. What is the explanation for this?

[Nagornyy] Yes, indeed, we have no communists. All communists are probably living well. They are not, therefore, joining the workers movement.

[Nypadymka] But there are, surely, communists also among the workers at your mine. Are they living better than you?

[Nagornyy] Their views are different, and they live by their own ideas. For this reason there are among them many who are opposed to a strike.

[Nypadymka] The strike committee has only been in existence for a few days, but the actions it is mounting have already led the strikers into a clash with the law and

order authorities, at the Ukrainian SSR Gostelradio [State Committee for Television and Radio Broadcasting] particularly....

[Nagornyy] There was no clash. We picketed Gostelradio peacefully and demanded direct air time to describe our problems, and by no means intended seizing it, as has been portrayed subsequently. We waited for almost a whole day and, seeing that no one was responding to us, we decided to stop traffic on Kreshchatik. We had, after all, to call attention to ourselves somehow.

[Nypadymka] Reading your ultimatums addressed to the government, one involuntarily wonders: Does the strike committee not intend to take power itself?

[Nagornyy] We do not need power. We want the people's deputies to heed the opinion of their people. Ultimately it is they who are our servants, not the other way about. And they should know about our problems.

[Nypadymka] Does this mean that the strike committee will not seek the government's resignation?

[Nagornyy] We are adopting a very guarded approach to this question. There is a good saying: "You should not change horses mid-stream." Dissolving parliament now would be very dangerous. It is simply necessary to choose a good leader for the republic. A person must be found. One with a strong hand.

[Nypadymka] Do you have one in mind?

[Nagornyy] Were a president of the Ukraine to be elected today, I would prefer Levka Lukyanenko. He has perseverance, he aspires to some goal. He is a democrat. Many of our people want Chernovil, but I see only Lukyanenko in this office.

[Nypadymka] You know him well?

[Nagornyy] I have read some of his works and I know something of his biography, the more so in that he is now leader of the Ukrainian Republican Party.

[Nypadymka] Our readers are familiar with the miners' economic demands. What other demands do you have?

[Nagornyy] First, the immediate release from custody of Stepan Khmara and restitution for the harm caused him by the authorities. Second, cancellation of the Ukrainian Supreme Soviet Presidium edict on the procedure of the organization of meetings and demonstrations and the decree on the 1,000-meter exclusion zone around the Supreme Soviet. These documents should be canceled as a matter of urgency, otherwise we will soon be forbidden to breathe. And, third, we are seeking to have the declaration on the state sovereignty of the Ukraine infused with specific content.

[Nypadymka] And with what do you invest the "sovereignty" concept?

[Nagornyy] The Ukraine must have its own unit of currency and its own banking system. Then it will have sovereignty.

[Nypadymka] And what, say, about the army?

[Nagornyy] The republic needs only a symbolic army, as ceremonial forces, let us say. It should have its own uniform to distinguish it from the armies of other republics. And only professionals should serve in it.

[Nypadymka] What does the Khmara issue have to do with the demands for an improvement in the life of the miners?

[Nagornyy] I was at a meeting in Donetsk, and this was discussed there. I know also that the Ukrainian Republican Party and Rukh are for his release.

[Nypadymka] The strikers are saying at their meetings that the Ukrainian Government's program for economic recovery has failed and that it continues to be foisted on the people only under the pressure of the communists. Do you have a more suitable program or party capable of revitalizing the economy?

[Nagornyy] Not as yet. But we know full well that the current system needs to be broken up so that not a trace of dictatorship remain. And I will tell you my opinion and the opinion of the majority of the miners: It is all the same to us who is at the helm and which party governs—anarchists, monarchists, or some others—it is all the same to us who. The main thing for us is that the worker live well. For this we intend to strike "to the limit."

[Nypadymka] But where is this "limit," and in what might all this end?

[Nagornyy] This all might end very regrettably: in the total collapse of the economy and general unrest. The government should, therefore, agree to concessions.

\* \* \*

If it were up to me, I would have taken issue with Aleksandr Alekseyevich Nagornyy on each of his answers, most likely. But our discussion would then have been akin to an unsanctioned mass meeting, and there would have been nothing left of the interview. For this reason I merely asked questions and I leave it up to the esteemed readers of *RABOCHAYA GAZETA* to judge the competence and objectiveness of my interviewee and to take issue or agree with him. I would only add that A. Nagornyy is a worker at the Aleksey Stakhanov Mine.

#### **Members Describe New Armenian Workers' Council**

914F0211A Yerevan *GOLOS ARMENII* in Russian  
6 Apr 91 p 1

[Statements by Ye.M. Ananova, secretary of the Central Committee of the Communist Party of Armenia, and others: "Party Life: New Structures, Workers' Council Created"]

[Text] This event took place during a meeting of communist workers of a number of large industrial and transportation enterprises of the republic's capital with secretaries of the Yerevan Gorkom (city committee) of the Communist Party of Armenia, in which Ye.M. Ananova, secretary of the Central Committee of the Communist Party of Armenia, participated and spoke.

It is noteworthy that at the meeting with the leaders of the city party organization, along with communists of various generations, there were also nonparty supporters of the Communist Party of Armenia. This seems to be explained not only by the attractiveness of the new program of the republic Communist Party or the tactics of communists, which are directed toward consolidation of all progressive forces and constructive solutions to the problems that exist, although both of these factors play significant roles. The nonparty members were drawn to the meeting by the possibility of using the "communist" podium to discuss everything that has disturbed them over the past two years and trying to find support which would help them to find their way out of the maelstrom of problems. And many of the speeches confirm this.

"It would not be a mistake to say that the majority of working communists participated along with me in a truly democratic national movement which laid the basis for the well known events in Nagorno-Karabakh," said tire plant worker Ruben Arakelyan in his speech. "At that time we hoped that this movement would put an end to the bureaucracy and the abuses which for decades had kept us from building a humane, socially just society.

"Unfortunately, our hopes were not justified. Moreover, today many of my comrades and I are being accused of almost everything in the book. It turns out that I am to blame for the fact that since my youth I have been a member of the Communist Party, through which I wished to realize my dream of living freely, like a human being. I am guilty of defending my dream in the Great Patriotic War, where I lost my brother and was injured. I, a person from Mush, am blamed for being against independence when, to use the words of the poet, from my cradle I have been calling for freedom.

"No, communists—at least tens of thousands of them, including workers—are not guilty either before the people or their conscience. We have our own approaches to problems and they must be dealt with."

The indifference of the new authorities to the problems and needs of the workers was discussed in the speeches of Emma Petrosyan from the Garun PShO [expansion not identified], Khoren Sarkisyan from the taxi enterprise, Sergey Galstyan from the electric light bulb plant, Anik Navasardyan from bakery No. 2, and others. They emphasized that there are many problems and they must be solved in the near future.

The main problems are economic. Today, when the people of the republic have entered on the path to

national self-determination and independence, questions of the economy have assumed primary significance. The speakers said that the workers understand that political independence is impossible without a strong economic base. Yet each quarter the decline of industrial production, caused largely by the lack of the necessary quantity of raw and processed materials, becomes more appreciable. Of course, this situation has a negative effect on interrepublic ties and exacerbates the deficits in the supply of food and necessary materials for the republics.

Under these conditions it becomes especially crucial to resume the work of the Nairit NPO [Scientific Production Association] which not only guaranteed work and hence earnings to thousands of workers, but also produced products rated highly on the domestic and world markets. The importance of this problem also lies in the fact that the fates of a dozen enterprises and their workers depend largely on the largest supplier of primary chemical products—Nairit.

On the path to the market, when unemployment is inevitable, especially under the economic conditions that have been created, problems of social protection become especially important for each worker. They have become even more pressing because of the higher retail prices and the negligible amounts of the compensations. Not to think about solving these problems today would mean to put thousands of workers and their families on the brink of poverty tomorrow and doom them to a semistarvation existence.

The workers are quite concerned about privatization of small enterprises and fixed production capital. A similar process which began in trade and the sphere of consumer services evokes the doubt that workers will be able to become the masters of enterprises, many of which were created by their hands and are now their employers. For it is no secret that the majority of workers have nothing to their names except the "chains"—wages—that tie them to their machine tools. So they will once again end up in the position of people who are fully dependent on the good will of the new owners of the enterprises.

The social instability, the crisis of the economy, the turn of the leading political forces away from the workers and their interests, and the inclination on the part of some of them to carry out more than risky projects force the workers, without rejecting the idea itself, to be more sober in selecting the paths to the republic's sovereignty and economic and political independence.

At the same time, the range of these vitally important problems has not receded into the background, as was shown by the meeting and the questions pertaining to the current activity of the Communist Party of Armenia. Analyzing the causes of the crisis in which it finds itself, communist workers suggested constructive paths to bringing the Communist Party of Armenia to the leading positions in the creation of a new society which is striving for the well-being of its republic.

To give a fuller idea of the atmosphere and content of the meeting, we are presenting the most characteristic brief speeches by its participants.

**Grant Abramyan, (tire plant):**

We ourselves are to blame for the fact that the criticism of the Communist Party continues to this day. We are to blame for the fact that we have lost our opportunity to address the people on television and radio with an explanation of our goals and program, we utilize the party press poorly, and we almost never meet with people in order to tell them who we really are and what we want.

And yet our silence is perceived as an admission of our guilt and it reinforces the attacks on the Communist Party. Our political opponents have reached a point where they are asserting that they have to begin all over again, from zero. They say this is the point to which the communists have led the republic. I am a communist and I have been working in our republic for almost a half century. And each of us—those who started out here and those who have come here—have been working all our lives for the good of Armenia. So has our labor been destructive, have we ended up building nothing?

Today people try to convince us that it was for nothing that we fought on the fronts of the Great Patriotic War because in so doing we did nothing but harm to Armenia. Such an assertion is insulting, not only to me, a participant in the war. I think it should be insulting to every honest Armenian who is forbidden to celebrate the holiday of the victory or kneel at the grave of the unknown soldier.

I think we communist workers should be active propagandists for the truth about the Communist Party of Armenia and we should campaign for its national program. And the party gorkom should render a great deal of assistance to us in this matter.

**Artashes Grigoryan, (ATP No. 2):**

When I entered the party 12 years ago I was sure that the day would come when the Communist Party would be purged of those who besmirch its good name and lead it away from the implementation of the program for which it was created. Now that this day has come, and the people who have compromised themselves have left the party of their own accord, I am surprised that the Communist Party of Armenia is not taking adequate measures to consolidate those who remain in the party

into a monolithic nucleus and to direct their efforts toward the achievement of national goals which, I think, are not alien to the new authorities either.

To arrange bilateral communications with the people and the broad masses of communists, to arm them with knowledge, and to help them to figure out the complex problems of the political and socioeconomic life of the republic—this is where I see the task of the Central Committee of the Communist Party of Armenia and the party gorkom today.

**Gevork Avakyan, (Bakery No. 2):**

I am alarmed about the fact that we pay no attention to working youth today. Yet they are the most vulnerable, socially unprotected part of the working class under the conditions of incipient market. And if the republic parliament and government do not take the necessary measures to protect the interests of young workers, the communist deputies and the Communist Party of Armenia as a whole should do it.

It should show greater attention and concern for the spiritual and ideological development of young workers. For it is no secret that, left to their own devices, they become permanent participants in sometimes extremely questionable rallies, or else they direct their energy toward acquiring arms. Both cases are fraught with unpredictable consequences. And so if we are concerned about the future of our nation, about the future of our party, even today we must develop a youth policy and implement it efficiently.

**Myasnik Gevorkyan, (Polivinilatsetat Production Association):**

The people remaining in the Communist Party are those who serve their people through faith and truth. Those who see their goal as organizing and rallying the people for good causes. We are well aware of the difficult situation our people are in. Therefore, we consider it a crime when political forces take any actions that could lead to confrontation and polarization of the society into warring camps. Today we cannot allow such forms as rallies and strikes, thus even worsening our situation which is already bad in all areas of life. Therefore I think the workers' council we are creating today should show moderation and objectivity in its assessments and cooperate with all who are taking concrete and tested steps on the path to bringing the republic out of the economic crisis and are standing in defense of the social and other rights of the working people.

## PRODUCTION

### Power Machinebuilding Plant Faces Uncertain Future

914G0001A Moscow *RABOCHAYA TRIBUNA*  
in Russian 6 May 91 p 1

[Article by Yu. Kozlovskiy: "The Collective of the Podolsk Machine Building Plant imeni Ordzhonikidze Is Laboring, Getting Around Reefs and Shoals"]

[Text] This enterprise is well-known both in our country and abroad. It has been delivering power equipment to thermal and nuclear power stations in Bulgaria, Germany, Czechoslovakia, Hungary, Cuba, Finland, Yugoslavia, and Greece since 1950.

How is this collective getting along at present? How does it feel given the complicated economic environment?

L. Chubar, chief engineer of the plant, said: "Despite everything, in the past three years we have had stable economic indicators, and we have developed the service sphere extensively."

[Kozlovskiy] So, Leonid Semenovich, there are no problems?

[Chubar] I would like to see an enterprise that does not have problems at present. There are a great many burning problems in need of rapid solutions. It is clear now that erecting powerful gas-fired GRES [state regional electric power stations] is an unpromising and costly endeavor. Coal will continue to be used, and gas will only be used for the supercharged boiler cycle. What does a new boiler unit with a capacity of 800 megawatts amount to? The boiler itself weighs 23,000 tons. Manufacturing it costs more than 20 million rubles [R]. How many such units should the plant produce for our domestic thermal power generation facilities in, for example, the next 10 years?

[Kozlovskiy] Is there not a clear-cut program?

[Chubar] There is only a draft of one. According to the draft, the production of a small number of boiler units is planned for the plant.

[Kozlovskiy] Why are you concerned then?

[Chubar] We familiarized ourselves with the draft, but a week later we were invited by Comrade Semenov, the minister of power and electrification, and told: "Another 20 boilers should be produced in addition to the program outlined." But you would agree that the words of the esteemed leader are not, after all, a document.

It is all right to say: "Get this done!" But tomorrow it will turn out that there is nothing to get it done with. If we were to meet, say, half of the number given by the minister, we would have to manufacture two units a year. What does this amount to as far as the plant is

concerned? We would have to better than double, and on some indicators triple our production capacity.

[Kozlovskiy] In other words, are you saying that a successfully operating enterprise does not need additional headaches?

[Chubar] This is not the point. We are not afraid of difficulties. We will be able to prepare for production. The plant should have a clear-cut, scientifically substantiated outlook. The current technical policy and an unclear unified energy program do not paint such a picture for us but literally put a stranglehold on the collective.

[Kozlovskiy] However, if you have that many problems with thermal power generation, I can imagine how many issues arise in conjunction with nuclear power. As far as I know, previously equal volumes of power-generating capacities for the two sub-industries were produced by the plant, fifty-fifty.

[Chubar] Three years ago, we erected a new building for nuclear power [generation equipment] at a cost of more than R50 million rubles. By the time it was commissioned, it had become clear that there was no workload for it. There were no orders.

We had to retool the shops to produce equipment for thermal power generation. We sold specialized machine tools at a great loss to the enterprises. We altogether liquidated some of them. The heights of a new building which nobody needs and 400-ton cranes which do not operate remain as souvenirs.

[Kozlovskiy] But you did find a way out, after all.

[Chubar] Of course we did. At one time the plant produced good petrochemical equipment. We resumed its production. There are enough orders.

Something else concerns us. Whether we like it or not, there is just no alternative to nuclear power generation. We will not get by without it. I am afraid, however, that by the time all of us understand this and wake up it will be too late to make up arrears. Special cadres are needed to produce equipment for nuclear power stations. Engineers and workers take years to prepare here.

I am sure that the moratorium on the construction of nuclear power stations will expire. Designs by our scientists will approach the highest international safety standards. They will tell us: Let us begin the production of new equipment. But there will not be anybody to begin it.

In general, strange things are happening. We manufactured and assembled Unit 3 of the Beloyarsk AES [nuclear electric power station], which has operated successfully for twice its service life. There is a government resolution on developing a new generation of this reactor. The design and blueprints have been transmitted to the plant. Materials worth R5 million were

purchased to carry out this assignment. But there is still no contract to manufacture the reactor.

[Kozlovskiy] We may understand the concerns of the chief engineer of a large plant. However, the people fear new nuclear reactors for a reason.

[Chubar] Granted, but why call into question the work of nuclear scientists, enterprises, and operator personnel?

A ranking functionary of the procuracy suddenly stated that a radioactive leak had occurred at the Loviisa nuclear station in Finland, which was built with the participation of our enterprise. We urgently asked the Finns for details by telex. The director of Loviisa was flabbergasted. Nothing of the kind had happened at the AES.

Subsequently, a procurator from the City of Yuzh-noukrainsk suddenly filed criminal charges against the plant imeni Ordzhonikidze. What was the reason? In the opinion of its designers, the steam generator of the water-moderated reactor was supposed to operate for 30 years without interruption whereas its actual service life turned out to be seven years. It became necessary to change the steam generator.

But what has our plant got to do with this? Everything was done to the design and blueprints provided. Official commissions have established that the requirements of technical specifications and manuals were violated during the operation of the steam generator. However, for some reason they instituted proceedings against the plant.

\*\*\*

At this point, I parted with the chief engineer. Initially, I wanted to complete the interview with L. Chubar's last words. However, on second thought, I decided to meet with Gosplan [State Planning Committee] employees working on the issues of nuclear and thermal power generation and with Gospromatomnadzor [State Inspection for Nuclear Energy in Industry] specialists.

This is what Ye. Fadeyev, deputy chief of the Gosplan composite department of the machine-building complex, told me:

"I understand Chubar's concerns well. He raises correct and, I would say, burning issues. Indeed, we may lose the skilled cadres of nuclear machine builders."

Yevgeniy Alekseyevich went on to say: "This is what alarms me the most. Indeed, we will not get by without nuclear power generation. In France, for example, its share comes to 75 percent. An agreement on the construction of nuclear power stations in China is being prepared; we are involved in similar negotiations with Korea and India.

"We should have been developing new generations of the AES for a long time now, but there are no funds for this. This is what the situation is. We are forsaking a future in machine building for the power industry, which, incidentally, is the only sphere apart from the defense industry which never bowed down to the West and was never its toady."

Prior to meeting with A. Yakushev, chief of the Podolsk inspectorate of the Gospromatomnadzor, I took an interest in official documents concerning the ill-fated steam generator which caused a criminal case to be filed.

All steam generators supplied by the plant have been manufactured, inspected, tested, and passed by the USSR Gospromatomnadzor organs in complete compliance with design documents and technical specifications developed by the OKB [Experimental Design Bureau] Hidropress. This has been confirmed by appropriate letters from the USSR Gospromatomnadzor, the USSR Ministry of Atomic Power and Industry, the Ministry of Heavy Machine Building, and decisions of the USSR State Arbitration.

Here is the opinion of A. Yakushev:

"We have no serious complaints about AES equipment manufactured at the plant imeni Ordzhonikidze."

## CIVIL AVIATION

### Aviation Sector Holds Conversion Exhibition

*PM2404152991 Moscow Central Television First Program Network in Russian 0600 GMT 19 Apr 91*

[From the "Innovation, Marketing, Results" program presented by Aleksandr Yemelyanov, identified by caption. Report on USSR Aviation Ministry's Aviakonversiya-91 Exhibition "Materials, Technology, Equipment"]

[Text] [A.G. Bratukhin, USSR deputy minister of the aviation industry, identified by caption] We are at the Setun exhibition where the military-industrial complex has held secret technological exhibitions for more than 20 years. Only individual, selected specialists—not even all specialists in the military-industrial complex, only those with the requisite security clearance—were able to visit this exhibition. Today with our perestroyka, the openness of our society, and with our transition to a market economy, we are allowing all our economy's specialists to familiarize themselves with our achievements in the sphere of aviation technology and technological materials. The tasks facing the sector are now resulting in the diversification of production. Virtually every enterprise and association in the sector has been diverted, that is, they produce simultaneously aviation equipment, consumer goods, and manufacturing equipment.

[Yemelyanov] Highly varied exhibits are on display at the "Aviakonversiya-91" exhibition: tools, processing centers, technologies, construction materials. Many of these are only of interest to specialists. We decided to display those things that will help fill the stores with industrial goods, those things that consumers are waiting for, those things for which we are prepared to pay. [sentence indistinct]

Laser pattern-cutting benches can perform splendidly at a giant plant, at a private enterprise, and at a sewing workshop. The laser can cope with any material from paper to fabrics, metals, and plastics. And the laser cutter operates rapidly, accurately, and cleanly.

Plasma generators are totally indispensable in automobile workshops and at machine and tractor stations—everywhere where components have to be restored to working order. Series production of plasma generators as a general source of current for welding is under way [Rzhev "Elektromekhanika" Production Association logo appears in right-hand corner] and buyers are awaiting them.

Motoring enthusiasts will certainly linger at the All-Union Institute of Light Alloys [VILS] stand, where wheel disks, in particular, are displayed. They are not only elegant but can even be said to be beautiful. That is

not the disk's only merit. Obtained by casting, its dimensions are more accurate and the disk does not require additional balancing. There is no need for quality control as they leave the factory.

Visitors to the exhibition are shown technologies they can introduce. Nearby stands also have exhibits of interest for automobile owners. Light, reliable springs ["VIAM" Science-and-Production Association logo appears in right-hand corner] made from composite materials will oust steel springs in time. Special coatings render silencers long-lived and prevent corrosion. The widely renowned shatterproof glass for museum display cases is by no means the only use of this kind of glass. Extrastrong glass for automobiles attracts attention to this stand. This kind of glass will not withstand a bullet from a Kalashnikov. But pebbles—of which there are so many on our highways—will not harm it in the least. The glass protects you both from injury and from shock. Bankers, cashiers, janitors—all those people who view visitors through glass—will undoubtedly appreciate glass capable of changing in opaqueness. First you're there, then press the button and you disappear.

Needless to say, everyone wants to have these kind of skillets. You can carry out fat-free frying in teflon-coated skillets. Skillets covered with a layer of stainless steel are very hygienic. They are manufactured at VILS from bimetallic—aluminum plus stainless steel—billets. But an irritatingly small quantity are manufactured. As yet it has no partner ready to turn the billets into the sought-after commodities on a commercial basis.

[V.Ye. Kotov, "Soyuz" Science-and-Production Association, identified by caption] We wandered around the exhibition today and looked at the exhibits. Some we liked—there are some valuable things here that may attract our attention and that we might introduce at our enterprise. The units to purify oils and other liquids, for instance. We also liked the consumer goods at the exhibition today—the woodworking equipment, for instance. Unfortunately, there are three samples here and they have already been sold. For some reason they are not on sale elsewhere.

[Yemelyanov] We have shown you some of the exhibits at this exhibition in order to ensure that you realize what there is for you—what ideas, technologies, and materials—to ensure that you find out whom to contact and are aware that the military-industrial complex is ready to cooperate with any enterprise today, ready to cooperate at the most diverse levels. Ranging from the sale of technologies and ideas to joint the production of various goods, various machines, and various components.

### Former Aviation Minister on Aeroflot Problems, New Airline

*914H0154A Moscow PRAVDA in Russian 4 May 91  
Second Edition p 3*

[Interview with former deputy minister of civil aviation Yuriy Georgiyevich Mamsurov by G. Yastrebtsov: "A Soviet 'Boeing'? And Why Not?"]

[Text] I have flown many times on one of the longest routes by air—to South America. It takes almost a day one way. Of course it is possible to get to Peru or Chile more quickly, but not on Aeroflot. Our IL-62 or IL-86 aircraft make many landings en route, and this is by no means just because they have to pick up or deliver passengers. Most of the landings are for purely technical reasons—refueling.

"So we fly about the world in short legs." The captain of our Ilyushin aircraft laughed mirthlessly. "It we had an aircraft like a Boeing, with enough range, we would not have to land at intermediate airfields but could go directly to our destination."

"Go where you wish"—this is the dream of the sky not only for pilots but also for passengers. Alas, it is still only a dream. Is there any real possibility of doing this in reality? It was with this question that I opened my interview with an experienced man who is well known among fliers—Colonel General of Aviation (retired) and former deputy minister of civil aviation, Yu.G. Mamsurov.

#### Flying to the Market

"Your question," Yuriy Georgiyevich said, "requires a thorough and—and this is particularly important—responsible clarification from state positions. The crisis in which the country's air transport system now finds itself did not occur overnight. Way back in 1970 the American aviation industry made a breakthrough in the field of civilian aircraft construction. From January of that year a new wide-bodied passenger aircraft with a large capacity and range—the Boeing-747—appeared on the air routes. Other American corporations hastily followed Boeing—McDonnell Douglas and Lockheed. In the space of three or four years hundreds of wide-bodied aircraft were offered on the market. All the major airlines in the world started to equip themselves with them.

"Soviet industry, however, did not produce a similar aircraft, and as far as I know did not even set itself the task of doing so. It is not surprising that our civil aviation has fallen into an disadvantageous position. Realizing that the USSR could not manage without wide-bodied airliners and wanting to win the competitive struggle, the president of the Boeing corporation sent his deputy, Mr. R. Bullion [name as transliterated], to Moscow with a proposal on scientific and technical cooperation and selling us a batch of aircraft.

"In the autumn of 1973 the Soviet Government sent a group of experts to the United States to choose a partner. We visited Boeing, McDonnell Douglas and Lockheed, and also the engine companies—General Electric and Pratt and Whitney. Our choice was the Boeing corporation and its Boeing-747 aircraft.

"In October 1974 a new trip was made, this time just to the Boeing Company for concrete discussion of questions of cooperation and acquisition of a first batch of aircraft. Detailed material with the calculations and

justifications were submitted to the government for review. At a meeting with USSR Council of Ministers Deputy Chairman L. Smirnov, as leader of the delegation I reported our conclusions and recommendations."

[Yastrebtsov] And, of course, they were rejected.

[Mamsurov] We received no concrete and positive decision on the matter. Although the intervening 17 years have shown the correctness of the choice we made. The McDonnell Douglas DC-10 and the Lockheed L-1011 were withdrawn from production long ago, but the Boeing-747 is still being produced and constantly improved. Here in our country we still have no aircraft with such capacity, range, and economy. I think that if we had acquired the Boeing at that time it would have had a positive effect on our present level of Soviet aircraft construction. We are now returning to this problem and resolving it, but 17 years have been lost.

[Yastrebtsov] What have the economic consequences been?

[Mamsurov] Judge for yourself. Sad though it may be, Aeroflot now appears to be the only airline in the world that does not have a really modern class of aircraft. Just take economy. Fuel consumption on Soviet airliners to carry one passenger one kilometer is 30 percent to 40 percent greater than that of its foreign counterparts.

[Yastrebtsov] And to be more specific, what is this in tons and money?

[Mamsurov] For each 15 million tons of fuel, almost five million tons are used for nothing. And if we translate that into dollars, it comes to about \$2 billion. To be candid, operating such aircraft is ruinous.

[Yastrebtsov] So what can be done?

[Mamsurov] The reason for our misfortunes today is exactly the same as it was 17 years ago—the absolute monopoly that has been built up for decades and is enjoyed by a single customer and a single contractor—Aeroflot and the Ministry of Aviation. It would seem that everyone understands this now, but in my opinion demonopolization is proceeding very modestly and not along this path. Stating that the former territorial administrations of civil aviation and some of the aviation detachments are now independent aviation companies does not essentially change things. Changing the signboards achieves nothing. It is necessary to have several truly independent companies operating in the country, not just nominally independent companies. We have proposed the creation of a Long Haul Airline Company [Aviakompaniya Sverkhdálnikh Avialinij] (ASDA) based on the most up-to-date, competitive aviation equipment. I am sure that this would urge us all on and encourage us to think better and work more intensively. And such a company can be set up without using state assets.

[Yastrebtsov] How?

[Mamsurov] Aeroflot, which in the past prided itself on being the largest airline, has lost its position. Its main trouble is the low level of its aviation equipment. Despite the fact that it has at its disposal an enormous number of aircraft and aero engines, only about half of them are fully serviceable, sometimes fewer. Aircraft stand idle for a long time because of the lack of engines or for repairs, or waiting for repairs.

These are all, as it were, issues of a purely technical nature, but they are its life, our economy. Here, everything should be taken into account, everything checked, before reaching particular decisions. The first repairs are done on a Boeing-747 only after 25,000 hours of operation—once every five years—and it takes only three weeks.

[Yastrebtsov] And you want our ASDA to use the Boeing-747?

[Mamsurov] Exactly. We set up an airline based on the Boeing-747 and Boeing-767 with full hard currency and ruble cover of expenditures. Virtually half the passengers in the world are now carried on these aircraft. Within the framework of a Soviet-American joint-venture enterprise we want to use these aircraft for long-haul flights not only overseas but also within our country.

[Yastrebtsov] Is this not too expensive a pleasure?

[Mamsurov] No. Just last year, together with American and Japanese banks and the Boeing corporation, and also with leasing firms and aviation companies, we conducted a detailed review of several scenarios for the newly created company. I emphasize that this is without using hard currency. As a result of the talks real possibilities emerged for leasing some aircraft and purchasing the rest using foreign bank credits, with subsequent repayments with interest using the profit made before full redemption.

ASDA would take on work that Aeroflot is still unable to do. The Soviet Boeings would carry many more passengers using the same amount of fuel. Without carrying any kind of losses, the state would derive significant income in rubles and hard currency.

[Yastrebtsov] The words "long haul" are contained in the name of the company.

[Mamsurov] Yes, long haul. Look at the map. Way back in 1937 Valeriy Chkalov's crew made a nonstop flight from Moscow over the North Pole to Vancouver in Washington State. [sentence as published] That was an exploit. I believe that we will have new Soviet-made aircraft that will make similar flights not an exploit but a commonplace. We should in no circumstances discard the enormous experience and potential opportunities of our own aircraft construction industry. But for today let us fly the Boeing if this is profitable for everyone. The route to San Francisco would be cut 2,867 kilometers compared to the route across the Atlantic. Flight time would be reduced 3 hours 22 minutes. And if you take

into account the fact that there would be no need for any intermediate landing, 30 tons of fuel would be saved on each flight.

The predictions for ASDA's commercial and financial activities show that when one Boeing-747 purchased with credits is operated it would be possible to make an annual profit of more than \$30 million, and profit from the operation of a leased aircraft would be \$60 million.

[Yastrebtsov] You are talking as if your company already existed and you are about to set to work. But you and your colleagues still occupy just a few rooms in a building at the Ministry of Civil Aviation.

[Mamsurov] As they say, Rome was not built in a day. The prospects for ASDA are good. Our proposals are now being reviewed in detail at the government level. Life moves on and economic contacts between the USSR and the West are being developed and strengthened. As is known, in the 1 June 1990 intergovernmental agreement, the cities of San Francisco and Chicago were indicated as new points for air communications between the USSR and the United States. And I do not think that it is happenstance that Louis Turpen [name as transliterated], director of the San Francisco International Airport, wrote this to us: "The opening of an air route between Moscow and San Francisco via the North Pole is an exciting prospect, and we welcome and support such activity."

[Yastrebtsov] Well, I wish the future competitor to Aeroflot success.

## MARITIME AND RIVER FLEETS

**Shipping Line Chief on Dream of Leningrad Superport, Obstructions to Industry Development**  
914H0155A Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 6 May 91 p 1

[Article by Yuriy Geyko: "Steamships Sinking in Offices"]

[Text] All these people want is to build a Soviet Singapore.

When upon returning to Moscow from Singapore I happened to hear that there are people in Leningrad promoting the idea of creating a "Soviet Singapore," I left for Leningrad that very evening: these people had to be given support immediately.

"We have been suffocating for a long time; they should have started to build the new port 12 years ago! But now that we are losing our Baltic ports, the situation is really catastrophic. Rotterdam can process 700 ships at once and Singapore can handle almost as many, but Leningrad can handle only 12. It is a disgrace! Peter's city has been transformed from a window onto Europe into a dirty little peep hole! Only absolute morons could fail to

understand the significance to the country of this mighty new port which we are suggesting; its cost would be recouped in record time."

The head of the Baltic Sea Shipping Line (BMP), President of the Association of Leningrad Transportation Workers Viktor Kharchenko is energetic and persistent, and he does everything quickly—whether it is receiving visitors or talking on the telephone.

And now he is almost shouting. It turns out that this superport has been his pet project for 20 years. A dream. Previously, when he was traveling the seas, first as a sailor and then as a captain, he dreamed, but now he is itching to do something: he can, he must get this through, break through the suite of offices and dried-up minds.

The BMP is not the largest shipping line in the country but it does produce the most hard currency. Hundreds of millions of dollars in profit. Each year BMP ships cover tens of millions of miles and carry 12 million tons of cargo to 350 ports in 70 countries of the world.

They sell services—a very advantageous and high-quality business.

During the past 10-12 years the shipping line has been able to introduce itself into the busiest and most prestigious transcontinental maritime shipping routes and each year it brings a good-sized piece of the hard currency pie home to our country. And it makes its way not through lower prices for the service (freight rates), as is the custom everywhere else in Soviet business, but through commercial skills and through taking advantage of all its forces and opportunities.

Now both the shipping line and the largest port in the northwestern part of the country, Leningrad, are working at full capacity, but what are these capacities? They are ridiculous today for a power even the size of Moscow Oblast, not to mention a great power.

All superports become "super" because they have matured and grown strong on freedom: a free zone without any taxes or customs—Hong Kong, Singapore, Rotterdam, Hamburg... But in terms of income the "economic might" of these ports is equal to entire states, and not secondary states either.

One can imagine what a creative bomb such a superport would be for our sick economy.

[Kharchenko] Each year we pay almost \$100 million to Finland for storing and transferring our oil in its ports. Each year we lose \$90 million because of the idle time of the fleet in northwestern ports—is this efficient? I would put a tanker in the Gulf of Finland tomorrow and use it for both accumulating and distributing oil.

[Geyko] And where do you intend to build your Singapore?

[Kharchenko] In Luzhskaya Bay, right there in the Gulf of Finland—it is an ideal spot: the water is deep, and it is uninhabited.

[Geyko] Would it be a large port?

[Kharchenko] Approximately 150 million tons of cargo a year, which is about eight or nine times more than we now handle.

[Geyko] What else would be there?

[Kharchenko] Everything: freedom, guarantees for business, good conditions for investing capital, computers and automatic equipment for transshipping coal, oil, mineral fertilizers, ores, containers; and all the cargo flows there and back would bypass Leningrad.

[Geyko] How much would this cost?

[Kharchenko] About five billion rubles.

Kharchenko and I moved along a long table. Spread out on it were maps, diagrams, calculations, reference materials, and descriptions. There it is, our Singapore, I can see it on the map. As though from an airplane. I can see the docks, the harbor, the railroad sidings, the cranes, the highways, the yards for repairing ships and assembling trucks, the video equipment, the electronic equipment; I can see the sea covered with inexpensive duty-free goods, for which tourists and sailors from all over the world have been saving their dollars.

And at the end of the row of stacks of paper on the table I saw some especially white sheets with especially red computer figures:

"Chairman of the RSFSR Council of Ministers Comrade I.S. Silayev. Esteemed Ivan Stepanovich! I am sending you proposals for creating... Respectfully, Chairman of the Leningrad Soviet A. Sobchak. 2 April 1991."

I leafed through the sheets and read the solemn words:

"The RSFSR Council of Ministers. Decree of ... April 1991, No. ...Moscow 'On the Creation of a Duty-Free Port...' Silayev."

All that is left is to fill in the blanks—is this really the way Singapores are born?

"What do you think, will they sign it in the Council of Ministers?" Kharchenko asks.

[Geyko] We will persuade them

[Kharchenko] But why do we have to persuade? It is simple common sense.

He smiles and looks at me as though he is very tired. Suddenly he asks:

[Kharchenko] Common sense? Do you need a problem to work on?

[Geyko] What kind of journalist does not need a problem to work on?

[Kharchenko] Then tell your readers the story of how three or four years ago, when the whole world was in a state of euphoria over our perestroyka and our new thinking, the leaders of the Ministry of the Maritime Fleet concluded an agreement with West German banks for the loan of almost a billion marks for the construction of modern new container ships. The Germans are providing the marks, but in a clever way, so that they do not leave Germany and under the condition that the ships are built right there in German shipyards. Here is the result of the transaction: all 10 of the ships that were ordered and purchased are producing a loss—their cost will be recouped in 15 years while the norm is 10-12 years, and they should be earning \$38,000 a day while their maximum now is \$20,000-22,000...

[Geyko] But how are the Germans themselves building the ships? Also at a loss?

[Kharchenko] As a rule, they order them abroad. In Korea, for example, they cost two-thirds as much. And we urgently need these container ships for the Baltic and Orient line, the one that produces the most hard currency of all the Soviet maritime fleet, which serves Singapore, Hong Kong, Rotterdam, Hamburg, and Manila—the largest ports in the world. The net profit is \$35 million a year. Imagine what it would be worth to us to get in on that. To take almost 100,000 containers away from them in a fierce battle. And yet people from the West come thousands of miles to get here, like a good train, right on schedule, down to the minute. We with our steamships that are always late, with engines made at the Bryansk plant, which are always breaking down—this is the best we have to offer, and these best ships of ours are 5-7 years old, while the average age of the Soviet maritime fleet is 17.5 years. This is a catastrophe! We now have the oldest fleet in the world, and tomorrow we will be bankrupt. Why is nobody sounding the alarm about this?

[Geyko] But in what area do we not have this kind of catastrophe?

[Kharchenko] Many of our ships are forbidden to visit foreign ports because of their age. These cases are also reported in vain. We pay higher duties and tariffs because of their age. Our competitors are now beginning intensive updating of their fleets, and if we remain in our previous positions, in three or four years they will crowd us out of the positions we worked so hard to win. This is why we need these 10 container ships like we need air to breathe.

[Geyko] Are you not going to get them?

[Kharchenko] Everything having to do with these ships is now kept as the deepest secret in the Ministry of the Maritime Fleet. But according to information that has leaked out, our ministry is conducting negotiations to get rid of the ships. To the Senator Line, our competitor!!

[Geyko] Why?

[Kharchenko] Probably because he would help to hide somewhere the \$7 million in annual losses from our foreign trade activity. And this is from just one transaction.

[Geyko] Fantasy... our ministers get their rewards. But perhaps they have their own, higher reasons for this, ones that have to do with the whole Union?

[Kharchenko] I do not know. No matter how many telegrams we send them, or how many letters we write, or phone calls we have made to them—we have not received a single answer to a single question.

[Geyko] But now you are independent. You are the first shipping line to change over to leasing. I recall a letter from the Baltic sailors which was printed in KOMSOMOLSKAYA PRAVDA: Give us freedom. Well, how is this freedom?

[Kharchenko] Thanks to KOMSOMOLSKAYA PRAVDA—this support came at the most difficult time of our life. Regarding leasing... What results can you expect in three months? Give us three to five years and then you will not recognize the shipping line. I will tell you the main thing: leasing will help us to stay afloat through this general chaos.

[Geyko] And how many years do you think it will take you to build your Singapore?

Kharchenko smiled wryly and said nothing, apparently considering my question a joke.

I went down in the elevator from the 10th floor. The sparkling city, crammed to the ceilings with goods, flickered and disappeared before my eyes.

The snow was melting on the streets. The mud squished under foot, and the raggedy trolleys, spraying it generously, ran madly among the empty stores, crowded with tired and hostile people.

The sixth year of perestroyka had come to an end. The seventh had begun.